BEFORE THE NEW YORK STATE SENATE
STANDING COMMITTEE ON COMMERCE,
ECONOMIC DEVELOPMENT AND SMALL BUSINESS

PUBLIC HEARING:

DISCUSSION REGARDING INDUSTRIAL DEVELOPMENT AGENCIES

Mason O. Damon (Central Library) Auditorium
Buffalo and Erie County Public Library
1 Lafayette Square
Buffalo, New York 14203

September 26, 2012
2:00 p.m. to 4:00 p.m.

PRESIDING:

Senator Patrick M. Gallivan
Chair

SENATE MEMBERS PRESENT:

Senator Mark J. Grisanti

ALSO PRESENT:

Assemblyman Michael P. Kearns

Representative of
Office of Senator Michael H. Ranzenhofer

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SENATOR GALLIVAN: Good afternoon, everybody.

I would like that thank everybody for being here.

I'm Senator Patrick Gallivan.

I'm joined by Senator Mark Grisanti, and, we have a representative from Senator Ranzenhofer's staff is with us as well.

I have recently been named Chair -- appointed Chair of the Standing -- Senate Standing Committee on Commerce, Economic Development, and Small Business.

We have seen much discussion of late, both nationally and within our own community, about growing the private-sector economy and the role of government and the taxpayer should play in it.

In Erie County, this has naturally manifested itself in the ongoing conversation regarding industrial development agencies, their structure, their purpose, and their future.

To its credit, the local media has done its part recently, to shine light on the issue, bring this important topic into the public discourse.

We have seen a number of reform proposals that have emerged over the years. Some have been proposed most recently, and I'm sure, knowing the

speakers that we have today, a number of them will be discussed today.

We've seen the recent increase in the dialogue regarding IDAs, and when we combine it with the State's new regionally based approach to economic development, and we also look at Governor Cuomo's announcement last year of the billion-dollar promise to Buffalo and the surrounding area, I think this is all combined to create an environment that demands our collective attention.

As many of you know, any change to the fundamental structure and function of IDAs, whether it's in Erie County or throughout the state, will likely need to be legislated in Albany.

And, as the new Chair of this Committee, also with a district that covers 16 towns in Erie County to which currently have their own IDAs, I hope today will serve as a clearinghouse of ideas as to what, if any, changes should be made to help ensure that IDAs are best serving the economic needs of Erie County, Western New York, its communities, and, of course, its taxpayers.

We're using this as an information-gathering process, and we would hope -- ultimately hope that

this, the outcome of today, the information that is presented, whether it's in written or in oral testimony, will ultimately guide what we do as far as the Senate version of the Legislature.

We, of course, work with our colleagues.

We know that Assemblyman Sean Ryan will be providing testimony today. He's introduced legislation.

Assemblyman Dennis Gabryszak is also scheduled to speak.

I'm not sure if there are other members here. I can't -- I apologize, I can't quite see out in the audience, but we are appreciative of the other members of the Legislature, of County Executive Mark Poloncarz. We do have some County Legislators that were scheduled to be here today. And then, of course, the numerous elected officials from the various towns and local governments throughout the county. And, the people who have concerns, whether they're representing a group or you're simply a citizen here with concerns today.

We did not intend this to be a debate today, but more of an opportunity for people to present testimony on their particular interests, their

particular thoughts, and their particular recommendations and insight into the role of IDAs in Erie County.

The people who have been asked to submit testimony will certainly -- are certainly given the opportunity to do so.

At the door, if there was anybody who was not scheduled to speak, there's an opportunity for you to sign up, and, speak throughout this particular forum.

We will be going until 4:00 today. We have asked all of the speakers to try to limit their comments to no more than five minutes. We will try to hold to that, and that will be both the scheduled speakers and anybody else who has signed up to speak.

If you are interested and you didn't catch it, just outside the door, in the foyer, there is a place that you can sign up.

We have also sent notice out that we'll be accepting written testimony. So, if you have thoughts that come up after today, and you wish to submit something to us, you can do so at our office. Our contact information is outside. We will be taking that through the end of next week.

And, if I looked at the calendar correctly, that's the end of October 5th.

All of today's testimony and comments is being recorded. It will be transcribed in physical and electronic formats.

If you have interest in the transcribed copy, we can send it to you. Please make that known outside in the foyer, again, at the desk.

A full transcription will also be made available on our website. It's -- in my case, it's Gallivan.NYsenate.gov. Or, simply, if you go NYsenate.gov, you'll be able to access that as soon as it's available.

We have tried to have -- the speakers, we've tried to have some kind of order, where we're looking at state, county, then the affected towns, and other organizations.

So, that's the reason that the order of speakers is the way that it is. And then, of course, we will move on to others who had an interest.

We will likely ask each of the speakers some follow-up questions, and then we'll try to move through it.

Before we do get going, and we'll move right

into it, I'd ask Senator Grisanti if he would like to say a few words.

SENATOR GRISANTI: Yes, good afternoon, everybody. How are you?

You know, I want to thank Senator Gallivan, as Chair of Senate Committee on Commerce, Economic Development, and Small Business, you know, for taking this step, in being newly appointed to that Chair position, and recognizing that there's a situation that has come up with the IDAs. It's a situation that's been around for years, prior to myself or Senator Gallivan actually coming into the Senate.

And I think it's important that we, you know, have hearings such as this, to gather information, to see what sort of compromise is, to make sure that we move forward in a productive manner.

I think that there's not a single person in this room that does not want to see economic development and progress, especially in the Western New York region. And I say that with a bit of faith that that's absolutely true.

We want to see businesses come here, we want to see businesses succeed. We want to see businesses move here from other regions for

economic development and for jobs, which is critical, to not only establishing our tax base, but is critical in conjunction with how many people we've lost in the latest census.

And I know that everybody has a different opinion as to how certain IDAs, whether it's in Erie County or whether it's in the suburbs, on how they should operate.

So, it's with great pleasure for me, that I'm here to learn from you in the audience and for -- from the speakers as to what the various positions are, so we can come to a position of compromise and a position that's going to strengthen this region in moving forward.

And it's important that we, basically, just listen to everybody, listen to what everybody has to say. Everybody has a difference of opinion, but the main point is, is if we agree to disagree on certain issues, the main goal is, is moving forward with development for this region.

And that's something I know that Senator Gallivan, as Chair of the new Committee, takes to heart, and it's something that I know we take to heart in the Senate, and for our Western New York delegation that continues to fight

for this region, and getting all the resources we could possibly have.

So with that said, I will -- and he's got a stopwatch up here. I just want you guys to know this.

I'll have Pat start off.

I have a list as well, but we can go from there.

SENATOR GALLIVAN: I would also like to acknowledge Assemblyman Dennis Gabryszak who just joined us, Assemblywoman Jane Corwin, and Assemblyman Mickey Kearns.

Welcome.

Our first presenter will be Assemblyman Sean Ryan.

ASSEMBLYMAN SEAN RYAN: Good afternoon, Senator Gallivan and Senator Grisanti. Thank you so much for putting this together.

And, Senator Gallivan, congratulations on being appointed to the Chairman of that Committee.

I think that will reap many, many positive benefits for Western New York.

Thank you for inviting me here today to discuss how we need to reform the industrial development agencies in Erie County to improve our

economic future.

In the past two years, we have seen Governor Andrew Cuomo lead a new way forward to develop economic development in New York State.

The regional economic development councils are showing a new, smart way of growing our economy, and creating jobs for our economy.

The regional economic development councils are focusing on projects like the Center for Innovation and Medicine at the Buffalo Niagara Medical Campus, the Ceramic Technology Partners [sic] in Clarence, and the University of Buffalo-Alfred University partnership in Advanced Materials Manufacturer and Training Center.

All these projects focus on the core idea that we should be investing in industries and ideas that either create high-paying jobs, or, will improve our overall regional economy for the future.

The Center for Innovation and Medicine at the Buffalo Niagara Medical Campus will not only create high-paying jobs that our economy needs, but it will continue to allow Western New York to grow its reputation as a hub for medical research and training.

The Ceramic Technology Partners is working to

grow a business that will manufacture advanced ceramics to be used in a wide variety of purposes, at the same time, creating good, high-paying, quality jobs.

The University of Buffalo-Alfred Advancement Manufacturing Materials Training Center will be hugely beneficial to Western New York.

The center will allow businesses like Corning, General Electric, Praxair, Dresser-Rand, and others to have access to a place that could help them with the development of new materials which will assist them in their product development. This means stronger companies locally, and it means more high-quality jobs for our region.

All of this work stands in stark contrast to what the IDAs in Erie County have been focusing on in recent years. Our economy of today and the economy of the future is not going to prosper when we focus on using our scarce economic-development dollars to subsidize retail establishments, restaurants, liquor stores, and doughnut shops. Those are the sector of the economy that the IDAs have been focusing on, and it's exactly why we need to reform how they operate in Erie County.

Our IDAs may be fixated on creating low-wage jobs, but our economy needs high-paying quality jobs, the kind of jobs that you can raise a family on.

Lately, we have seen the IDAs come together and come to life, to try to fight back at all attempts to reign in their reckless behavior, but the solutions they propose will do nothing to fix the problems they have created.

First, the IDAs come up with an idea that could be characterized as one of the worst ideas that I have ever heard of. And their bold initiative on that was to change the names, from industrial development agencies, to economic development agencies.

It would be funny if it wasn't so ridiculous.

Their solution to the problem of not investing in smart-growth industries, was to change their name. And it's not a solution, it's simply a PR stunt.

At the same time as they proposed their name change, they came up with another idea to reform their ways. Sadly, this idea is equally as ineffective.

The five town IDAs in Erie County proposed

allowing each IDA to act as a regional IDA. While they may eliminate some of the jobs theft that we've seen in the past, it will do nothing to prevent bad projects from getting rubber-stamped by the IDAs.

I have been outspoken about my criticism of our industrial-development-agency system in Erie County, and rather than just talk about it, I have worked with County Executive Mark Poloncarz to put forth a proposal to reform our IDAs.

My legislation would allow the town IDAs to bring their proposals to a countywide IDA where the merits of the projects will actually be discussed. This would stop bad projects like liquor stores and doughnut shops from being approved, because those types of projects do not improve our regional economy. They do not create high-paying jobs.

The IDAs could improve the work that they do by bringing forth smart projects which benefit both their towns and the overall regional economy.

I'm going to keep pushing my legislation because it is a positive solution, and it will bring real reform to the countywide IDA system.

I'll leave with you this, Senators:

Recently, the Clarence IDA approved their yearly budget, in which they included $99,500 in revenue from administrative fees.

That's how the IDAs work. They charge administrative fees on the projects they approve; therefore, they need to keep approving projects, no matter how awful the project is, simply to keep existing.

So what did the Clarence IDA consultant say to the media after the budget was approved regarding next year's administrative fees?

He said, "I can tell you this, next year is looking pretty good."

Well, things may be looking good for the next doughnut shop or liquor store, or for the next consultant looking for a fee, but things are certainly not looking good for the taxpayers of Erie County, so as long as we've an IDA system that continues on their misguided path.

Thank you, Senators.

SENATOR GALLIVAN: A few questions, if I may, Assemblyman.

ASSEMBLYMAN SEAN RYAN: Sure.

SENATOR GALLIVAN: The legislation -- I'm familiar with the legislation that you had proposed.

I don't have all of it committed to memory.

From the time that we had met with it -- or, regarding it, has any of that changed --

ASSEMBLYMAN SEAN RYAN: There's been --

SENATOR GALLIVAN: -- or is it still the same?

ASSEMBLYMAN SEAN RYAN: -- yeah, very small changes.

The concept of it, Senator, would be to allow the town IDAs to continue to exist, and they would vet projects through their town system, but they would have to bring those -- that project to an ECIDA, which would be made up of board members from the entire county. And then they -- that would be the final governing body that would take a look at that, and say, whether or not that program actually has an economic-development impact, or if it's simply just economic activity that has no true impact.

The towns would still be free to waive any of their taxes that would be collected from that business, but if they want to waive any of the taxes that are supposed to be going into our regional kitty, that they would have to go to the -- before a regional board before they do that.

And just remember, Senator Gallivan, that the incentives that the IDAs are giving away are incentives that are not just to benefit from that town. So if we do a sales-tax waiver, that sales tax that's been waived is supposed to be split amongst every town in Erie County, amongst every school district in Erie County.

So, when the waivers that are being made by the individual IDAs, in some ways, those waivers, they don't come out of that town's hide. They come out of the hide of the entire County.

So, it just created a system that it's a bit upside down. You're waiving taxes that, first of all, were only going to come to you in a small portion, and then you've got this perverse incentive of the administrative fees.

Most people, I think, have the perception that the IDAs are funded by their towns.

And, you know, bully to Amherst, they've done a great job bringing all that business out there. And, I always perceived that was Amherst using their taxpayer dollars to get that done. But it turns out that the town of Amherst has no play in that.

The IDA's an authority. They stand on their lone -- alone, but they could waive tax dollars that

are supposed to go the entire region, but we have no check on them. They could waive tax dollars that are supposed to go to Marilla, that are supposed to go to Elma, that are supposed to go to Lancaster, but no one from Marilla, Elma, or Lancaster can vote on the IDAs from another town that are giving away their tax dollars.

So, the Governor showed us, with the regional economic development council, that there is a new, more strategic way to do economic developments. And my hope is, that through the reform efforts, we can bring the IDAs into line with that.

And I'll just give you a quick number to end my long answer to your short question, and that is, we were all very, very happy when we received the award last year for the best economic-development project in the state. So, we get about $120 million in economic-development money for that.

And, you know, the community was doing backflips over it. Great plan, great five counties came together to make this up.

But, during a five-year period, the IDAs from those five counties, they give away in excess of $120 million of economic-development money.

So, while we had this big bang from the 120,

there's a slow trickle going out that's draining the economy at the same time.

So until we get all of our economic-development forces pulling in the same direction, we are going to continue to misappropriate our scarce economic-development dollars into projects that don't yield high-paying jobs to our community.

SENATOR GALLIVAN: As far as the proposed legislation, is there any changes that would -- are there any changes to the structure and the rules that ECIDA has to live by --

ASSEMBLYMAN SEAN RYAN: No, the ECIDA --

SENATOR GALLIVAN: -- or the cardboard structure?

ASSEMBLYMAN SEAN RYAN: -- yeah, those rules will still be the same that -- once again, the ECIDA is made up of representatives from the entire county, and they can come together and make their rules.

Make no mistake: I don't think the ECIDA is a perfect vehicle. But what's more imperfect is having six IDAs in one county, each doing their own thing.

So if we're able to come up with a common

policy that all vets through the ECIDA, in many ways, we will all have a voice in that.

You know, the Town of Brant will have a voice in that. But right now, the Town of Brant does not get a seat on any of the other IDAs.

And that's what we're trying to remedy.

So, we all need to come together to back one IDA.

SENATOR GALLIVAN: Well, under your proposed legislation, who makes the decision regarding the decisions on the New York State portion of the sales tax?

ASSEMBLYMAN SEAN RYAN: Just as it is now, the IDAs make that -- would make that decision.

So, if a town thinks it's --

SENATOR GALLIVAN: The town IDA or the County IDA?

ASSEMBLYMAN SEAN RYAN: County.

SENATOR GALLIVAN: Okay. And how about -- you made reference to administrative fees, and specifically, Clarence's IDA.

Is that, essentially, the same with all IDAs, including the ECIDA?

ASSEMBLYMAN SEAN RYAN: Yes, the model is the same as -- they were very similar to, sort of an

investment bank, where, if do you a deal, you get a percentage of the commission back.

So, there's slight variations, but they're almost all based on a fee relationship.

And, you know, and perhaps an amendment to that could be that there is no fee relationship. That, if a town or a county believes that this is important for them, they should perhaps invest taxpayer dollars into that to sustain it.

SENATOR GALLIVAN: Thank you.

Senator Grisanti.

SENATOR GRISANTI: Yes, Assemblyman, thanks for coming. I appreciate it.

ASSEMBLYMAN SEAN RYAN: You're welcome.

PROFESSOR SURRATT: Basically, in a nutshell, what you're saying is, that the towns that do not have IDAs are penalized by the tax breaks and incentives that are given. Is that correct?

ASSEMBLYMAN SEAN RYAN: That's part of it, Senator.

SENATOR GRISANTI: And that the -- under your proposal, your legislation, you would want, you know, the towns that do have IDAs that still stay in existence, to still try to create economic growth, but not be the final decision-maker as to

what sort of tax breaks are given. That final decision would go to the Erie County board members for the Erie County IDA. Correct?

ASSEMBLYMAN SEAN RYAN: That's correct.

SENATOR GRISANTI: Okay.

ASSEMBLYMAN SEAN RYAN: If they're waiving sales tax -- or, waiving tax dollars that are beyond their town, that they have to go to the -- a larger board to make that determination.

SENATOR GRISANTI: Okay. Is it in the legislation, or in the talks, that, let's say, if that legislation were to go forward, that the -- that there would be a change in the membership on the Erie County IDA Board?

In other words, to either have towns that don't have IDAs or towns that do have IDAs, to then be a part of that board, or is the board already in place? And, if so, who appoints the board?

ASSEMBLYMAN SEAN RYAN: That's not in the legislation, but, we've proposed to the ECIDA, and they agreed to change their bylaws to allow a more representative board.

So, one of the issues that came up is, there's no allocated Southern Tier, or Southtown, members to that. And that's one of the proposals

that we've come up with, is that, the ECIDA's membership would be expanded to include a Southtown's representative.

SENATOR GRISANTI: And that would have to be a change in the bylaws; it's just something done in -- by the county?

ASSEMBLYMAN SEAN RYAN: That's right.

And if, in fact, they don't do it, then we could resort to legislation.

SENATOR GRISANTI: Okay, I appreciate it. Thanks a lot.

ASSEMBLYMAN SEAN RYAN: Okay, thank you very much.

SENATOR GALLIVAN: Thanks, Assemblyman.

ASSEMBLYMAN SEAN RYAN: Thank you.

SENATOR GALLIVAN: Assemblyman Dennis Gabryszak.

ASSEMBLYMAN DENNIS GABRYSZAK: Thank you, Senator Gallivan and Senator Grisanti, for the opportunity to be here this afternoon to talk about an issue that has been in the forefront of the Erie County area, the Western New York area, for a while.

And let me state that, in a past life, that I served as a member -- a board member of the ECIDA.

I think it's a very important issue and a very important topic that we're talking about, as it affects business in the area, it affects business in the Western New York area, and we certainly need to do everything that we can to encourage more business.

I have watched the debate on IDA reform in Erie County escalate over the course of the last year. We are one of a few areas in the state where residents have taken issue with some of the IDA inducements that have been awarded.

And without legislation policy in place, IDAs have been able to chart their own course, with some awarding incentives that may violate the spirit of an industrial development agency, and what it should actually be striving for.

I believe that government leaders in our community need to work in a collaborative way to identify solutions that work for all parties.

Some have gone on record stating that the Erie County should be working toward one IDA.

And the 143rd Assembly District, which I represent, two communities are there: town of Cheektowaga and the town of Lancaster.

One has its own IDA.

One community doesn't; it operates under ECIDA.

I see firsthand that Lancaster IDA has more flexibility to undertake projects than Cheektowaga who relies on ECIDA for that service. ECIDA seems to be more reluctant to take on some projects that Lancaster IDA would.

What we're talking about, really, is adaptive reuse.

I believe that IDAs should be inducing projects that produce jobs at businesses that will export products out of our area, while also producing projects that will bring in tourists from outside.

With that in mind, I believe that the six IDAs should be working together to identify one set of policies, and then stick to them.

The town IDAs should not be in fear of people trying to neuter them in pursuit of one IDA. This violates the integrity of the "home rule" standard that was put in place when these additional IDAs were formed.

I do need to voice that I am opposed to having IDA incentives that look like community-development projects.

There is no denying that some of the areas of our community could really use adaptive-reuse policies to bring them up to date.

With this in mind, I would like to suggest that legislation possibly be looked at and crafted that would create non-historic rehabilitation tax credits. There are a number of underutilized shopping plazas within Cheektowaga that could benefit from such a program.

The specifics would have to be flushed out, but having the tool like that in the toolbox could prevent IDAs from taking on community-development projects.

There are other community-development tools that municipalities can implement as well.

We need to encourage municipalities to opt into a 485-b assessment-reduction program.

In addition, states need to promote the fact that school districts can now opt into "TIFPs," tax incremental financing packages.

Now that counties, local municipalities, and school districts can opt into TIFP inducements, this would give developers another option to bring existing development back to life.

Some have indicated that there is an interest

in changing the boundaries of town IDAs in Erie County to make them more regional in scope.

An example would be:

To have Lancaster IDA work with, for example, the towns of Cheektowaga, and maybe West Seneca;

You have town of Amherst maybe working with town of Tonawanda and Clarence on a regional basis;

You have, Hamburg IDA could handle projects for the Southtown's area.

Because I think what you see is, in each one of these areas, you have different economies.

The Southtown, what Hamburg may induce, could be projects different in scope that what may be happening in the city of Buffalo or in Lancaster or Amherst.

So, I think there's some logic to wanting to do that; to craft regional IDAs rather than going to one IDA.

Many have expressed concern that IDA -- that ECIDA thinks of the city of Buffalo. Thinks -- at least of thinking of projects for the city of Buffalo first.

There is no denying that the city is in most need of renovation and revitalization, but at the same time, not every business wants to locate in

the city of Buffalo.

ECIDA represents the cities of Buffalo, Lancaster, and Tonawanda, while other municipalities in Erie County would be representative, like I said, by those regional IDAs.

And, finally, I would like to offer my support for reconstituting the board of ECIDA.

Many organizations with seats on the IDA are no longer in existence, and we talked about the possibility of expanding.

I propose, rather than expanding, making a more board bigger, that we may look at what other counties have done, and size of their ECIDAs -- or, their IDAs, rather, than in terms of size, being seven-, eight-, nine-member boards. Smaller boards, without town representation, but professionals, so those projects can come in and be reviewed by professionals, and make those independent decisions.

I believe that it's important that we recognize the fact that there are projects that should not be induced. I agree that pizzerias and doughnut shops, things like that, should not be going through IDAs, but there may be a need within that community. And each community should decide if

there's a niche, and give some tools, other than an IDA inducement, to get that done.

And when you talk about limiting the benefit to that community, we also have to look at the other side. When that business, for example, is induced, it still creates sales-tax revenue that is shared with all communities. It hires people that come from other communities. It's not limited to the community that may be restricted for the inducement.

So there's a benefit, countywide, for -- for all communities.

It's not a perfect system, but I think with the attention and the information that you will be gathering here today, I am hopeful that we can get a much better system put in place, and work in a cooperative manner.

SENATOR GALLIVAN: Thank you.

Let me ask: The idea of a reconstituted ECIDA board, that your suggestion is, is that it should be smaller.

Have you given any thought to what you would recommend, if that was the case, how the members would be appointed or identified?

ASSEMBLYMAN DENNIS GABRYSZAK: That's something I think you can review what they do in

other counties.

I know, in Monroe County, for example, I believe the IDA board is only seven members.

And what we need to do is, rather than put additional steps in on businesses, where, if an IDA -- suburban IDA wants to induce something, then they have to go -- if they want greater benefit, go to ECIDA, that's additional time, that's additional steps.

Businesses are looking to be able to work cooperatively with whatever agency, to get whatever needs to be done, and get their project moving, rather than put additional steps in, to delay projects, and not knowing whether or not you're going to be able to get other inducements.

SENATOR GALLIVAN: Do you have any -- are you contemplating any legislation, or have you sponsored any legislation?

ASSEMBLYMAN DENNIS GABRYSZAK: I have not sponsored any legislation as of yet. It is something that we are continuing to look at.

Like I said, I know Monroe County, COMIDA, I believe is seven members.

We need to take a look at, you know, throughout the state, and see how smaller

constituted boards, how they operate, and, in terms of what the benefit is, in other counties, and other IDAs, how successful they've been with smaller boards as opposed to ECIDA.

SENATOR GALLIVAN: Thank you.

SENATOR GRISANTI: So, Assemblyman Gabryszak, are you saying that -- and if I get it wrong, then just let me know -- but -- so what you're saying is, is that the IDAs that are in existence now, and let's just take out Erie County, but those in the suburban areas, and let's say Lancaster has its own, you're saying combine them with, what, towns or villages that don't have an IDA, and that would be one regional center. And then, if you have Hamburg, you can combine with it Orchard Park, other areas, and that would be another regional center.

That's --

ASSEMBLYMAN DENNIS GABRYSZAK: That's correct.

SENATOR GRISANTI: -- is -- that's what you're saying?

ASSEMBLYMAN DENNIS GABRYSZAK: Yes.

SENATOR GRISANTI: Okay. And then, rather than having it go then to an Erie County IDA board, you have a different seven-member board that's made

up of not anybody affiliated with those regional areas, and just seven professionals from -- from what realm?

ASSEMBLYMAN DENNIS GABRYSZAK: Well, you could have people from the business community, executives from other -- either government agencies or development companies. Things like that.

But what you need to do is, get to the professionals.

And, listen, when I was town supervisor, I know when I was on ECIDA board, you know, you try to objectively look at, you know, the projects that come before you, and you can vote on a project based on the good for the area.

What we're looking at is the effectiveness of other IDAs throughout the region, of how they operate.

Now, suburban IDAs, I believe are constituted differently than what you see ECIDA.

I believe that ECIDA board members right now is probably somewhere between, maybe, 19 and 21 members, something like that. You have the supervisors from the town of Amherst, Tonawanda, and Cheektowaga on there. You have other towns that are

not represented there.

So what I think you need to do is, rather than expand boards and maybe put more political people on the boards, I think what we may be better off doing, is looking at shrinking the board and putting professionals on there.

SENATOR GRISANTI: Okay. So -- and not to put words in your mouth, but what came to mind: So, it sounds like you feel there may be a biased of maybe some of these towns or some of these villages not being represented, wherein, if a project comes along, there could be: Well, why aren't you put the project over here rather than in this area over here?

In other words, a business wants to, let's say, move in Area A. There could be a bias on the board saying: Well, you know what? It would be better if you moved to Area B, and if you did, we'll give that you incentive.

ASSEMBLYMAN DENNIS GABRYSZAK: Right.

SENATOR GRISANTI: So you're -- I mean, I don't know if that's happened. I haven't really followed, you know, the IDAs. I mean, I've had conversations about it.

But that's your -- that would be a concern,

as to why have a different board make-up?

ASSEMBLYMAN DENNIS GABRYSZAK: Well, that's a concern.

And like I said, I think what it does is, is it removes, you know, the political influence.

Now, I know, for example, in the town Of Cheektowaga, represented by ECIDA, there may be a -- like, enhancement zones that's designated by the town of Cheektowaga.

Just like they have in the town of Lancaster, they have enhancement zones that have been defined and voted on by the town board. Areas that they know that people -- that representatives in that area know, maybe, an area of distress, or, area of high vacancy, that buildings that have been vacant for a while, this would give them the opportunity to define that area.

And, then, you get all the IDAs to work under the same model, in terms of what type of inducement may be there.

Maybe you limit -- in an enhancement area, maybe you limit the tax benefit just to that municipality, as opposed to everyone else in the county.

But, that can happen in the town of

Lancaster. Doesn't happen in the town of Cheektowaga, because ECIDA won't go down that road, so that you have a discrepancy between what some municipalities and communities do, and what some other IDAs won't do.

And I think what you need to do is really level that playing field, and help those communities that defined an area of either high vacancy or distress that needs some extra attention.

SENATOR GRISANTI: I appreciate it. Thank you.

Thanks for answering that.

SENATOR GALLIVAN: Thanks, Assemblyman.

ASSEMBLYMAN DENNIS GABRYSZAK: Thank you.

SENATOR GALLIVAN: Assemblywoman Jane Corwin.

ASSEMBLYWOMAN JANE CORWIN: Good afternoon. Thank you so much for having this forum. I appreciate it.

I am here to defend, essentially, the existence of the local IDAs, and I'm going to start out with an example of a situation we had in Clarence, where I reside, and where I represent.

A few year ago we had Dash's supermarket come in, and they came into what was an empty building that had been empty for several years.

It was in decrepit shape, and there was crime that was starting to happen in that area. There was a knifing in the parking lot in an attempted rape.

And when the IDA induced Dash's supermarket to come in, now we have this beautiful supermarket, plus the fact that we didn't have a supermarket within the boundaries of the town of Clarence prior to that.

Now, this is -- I mean, if you ask any resident in Clarence, at least the ones I've talked to, they're thrilled to have Dash's there. They've been a great corporate neighbor, they keep up their properties. There's a lot of commerce going on in the street around there. Because they came in, we have a SPoT Coffee there now.

So, it led to an improved situation on Main Street in Clarence.

Now, someone from the city of Buffalo might look at that and think, you know, it's not worth it. You know, but for the people in the town of Clarence, I think they'd say that it was very much worth it.

And I think that's where part of the problem is that we have with the way that the statute is written involving IDAs, is that the IDA statute

does not give complete control to a local municipality to make these decisions.

The way the language is written in state law right now, an IDA is in existence until their debt obligations are met and their lease obligations are met. Once that happens, the IDA goes out of existence automatically.

So, some people criticize the IDAs, as saying: Well, they're gonna keep doing deals to keep generating the revenue to keep themselves in existence.

So what I've done is, I've written a bill, and it's sponsored by Senator Ranzenhofer on the Senate side, which would change the language, that would allow for an IDA to only go out of existence when it meets its debt obligations, it meets its lease obligations, and the local municipality, by resolution, decides to put it out of existence.

And in that way, if a town like a Clarence wants to keep an IDA, they can have an IDA without having to keep doing deals to keep generating income, so that they can pick and choose the deals that they want to have that are most beneficial, without risking that they go out of business because they don't have a steady stream of revenue.

So that was one proposal.

I have to counter some comments that were made by my colleague from Buffalo earlier.

My experience with the IDAs, when I came on as the Assembly member for this area -- and I'll, full disclosure, my husband was vice chairman of the Erie County IDA at the time -- I spent a lot of time meeting with the Erie County IDA members, as well as the leadership council members. Those are the leaders from each of the local IDAs who get together on a regular basis to coordinate their efforts.

And I was meeting with them pretty regularly up until about 2010. And I'll tell you, these IDAs are not reckless.

I resent the term "reckless" that is used.

These are people who are out there trying to do good things for their community. There's nobody out there trying to stick it to the taxpayers, at least not that I had any experience with. And like I said, I've spent quite a bit of time with many of the members of those two boards.

And they're not fixating either.

What they are trying to do is, they're trying to help their community and develop their economy,

and they're working with what they've got.

So when you're in a town like a Clarence, or someplace else, if a Google comes in, I guarantee you, that local IDA will be there to incent that company to come in and do the right thing.

The problem is, we don't have Google coming into the town of Clarence.

We don't have a Google coming into Tonawanda.

Okay?

And that's the problem. It's part of a much bigger issue we have with Western New York.

So to sit here and say, Oh, they're fixating on bringing in doughnut shops, that's not the case at all. They would love to bring in a Google, but Google's just not there yet.

And I know this, because of what my northern part of my district, I represent the town of Lockport. And two years ago we had Yahoo! come into the town of Lockport.

And let me tell you, one of the biggest reasons they were able to get that Yahoo! plant put in there, was because of the incentives provided by the town of Lockport IDA.

They have a county IDA. The county IDA got involved, the town planning boards got involved.

Everyone in there got involved, but the town of Lockport IDA helped to make that deal happen.

My concern is, if we go along with the legislation that's proposed, that, where we would make a second level of approval, where a long IDA would approve a project, but then it would have to get signed off on by the Erie County IDA, what we're doing is, we're creating two levels of bureaucracy, where right now we've got one.

And to a project like a Yahoo!, big companies don't tolerate bureaucracy. They don't want to come in and have to go through multiple levels of approvals in order to get a deal done.

So I think that doing it that way would create a tremendous disincentive to big companies coming into our area and trying to get a deal done.

When Yahoo! came in, they came in, and they wanted to have a decision made within weeks. Not months, and certainly not years.

And when you have to go through multiple levels of approvals, that's what happens: you end up delaying the process.

Another concern I have, which was raised by my colleague from Cheektowaga as well, is, the Erie County IDA right now has 19 board members.

If you look at IDAs around the state, that is the -- outside of New York City, that is the biggest board that's out there.

Most IDAs, of course most communities are smaller, they'll have three or four people on their IDA board.

So now we have a situation where we have 19 people there, and I don't think it's necessarily a horrible thing, because we do have representation from labor, from school districts, from major towns in the county. There's a lot of representation from different constituent groups. And I don't think that's a bad thing. I think that's a good thing.

But my concern is, if we start bringing more people in from more towns into that board, it's going to become much more difficult to get deals through the process.

And I don't think it's necessary to do that either, because, right now, the local IDAs have what's called a "leadership council," where the leaders of the local IDAs, for example, Clarence, they get together on a regular basis, and they coordinate their efforts, or talk to each other, to make sure that a Dash's supermarket isn't playing

one town off of another.

So they can come in, if they're trying to negotiate a deal with Clarence, Clarence is talking to Amherst, and so they'll know if Dash's is trying to come in and, you know, play them off of Amherst.

So, they're already taking those efforts to coordinate their efforts.

So I believe that the system we have right now can work. I think, like I said, if we can get some legislation passed that disincents the local IDAs from trying to keep themselves in business and keep generating those revenues, that we would end up getting maybe a more selective process. You know, maybe they wouldn't take every deal that comes along, maybe they'd be a little more picky about it.

But, generally, beyond that, I think the system is good, and I think it's doing the best that it can given the situation it's got.

When Goggle comes in, or any other big company, I am confident that those local IDAs and the Erie County IDA will do the right thing, and get those companies to come in.

So, that's it.

SENATOR GALLIVAN: Thank you.

Do have you have a reference number on the legislation you were --

ASSEMBLYWOMAN JANE CORWIN: Yes, I do.

It's, let's see, Assembly 9753. And on the Senate side, it's 6953.

And it was just introduced in April, so...

SENATOR GRISANTI: Just a couple of questions.

ASSEMBLYWOMAN JANE CORWIN: Sure.

SENATOR GRISANTI: And, Assemblywoman Corwin, thanks for coming. I appreciate it.

In some of the conversations that I've had recently, and I don't know if this is the case, and you touched upon a little bit, where you have town IDAs having conversations together. Like, let's say, Amherst and Clarence, you said were, you know, talking together.

Something that's, and I don't know if this is true or not, where you have, and is it the reason why they're talking together, because you have a business, let's say, a drugstore that will jump from one side of Transit Road to another side of Transit Road, then, therefore, going from Amherst, because the breaks are up, and then jumping over to

Clarence because, then, they could get the breaks kicking back in again?

I mean, does that -- is that why they talk now, together, I mean, because it has happened in the past?

ASSEMBLYWOMAN JANE CORWIN: Absolutely. And it was a chronic problem, and it has been a problem especially in other parts of the state.

Down in Hudson Valley and Long Island, that was becoming kind of the way of doing business, is that they'd stay in one place for 5 years, or 10 years, as long as the incentive was there. And then as soon as it was winding down, they'd start going to the different towns and saying: Well, what are you going to give me? Well, what are you going to give me?

And they'd jump across the street.

There's a statewide organization called the "New York Economic Development Council," and they are an association of development agencies. And what they've done is, they've developed, since that problem really came to light four years ago, they've created a best-practices policy. And that best-practices policy has been distributed to all of the IDAs.

And I know a lot of the IDAs, the vast majority of them across state, are utilizing those now.

And I think the leadership council was a result of those best-practices policies that were introduced. I would say, it was probably in 2009/2010.

SENATOR GRISANTI: Have you seen where, let's say, and it's not that I know it, but I'll just, where one drugstore is on one side, and let's say they want to do that, and they realize, that because there's kind of this watchdog, this best-practice policy, that it's not going to happen, do you then see them just shutting down?

Do you -- have you seen that happen like in your area?

Let's say, you know, a Rite-Aid is here, and, well, we want to go here. And then, Well, we're out of tax breaks. And then they just say, You know what? We're just going to close up shop.

Do you see that happening as well?

ASSEMBLYWOMAN JANE CORWIN: I personally have not seen that.

SENATOR GRISANTI: Okay.

ASSEMBLYWOMAN JANE CORWIN: I -- my

understanding is that problem was largely downstate, like I said, Hudson Valley, Long Island, area.

And in the last two years, I haven't heard of any of that happening, but I'm not going to say it's not happening. I'm just not aware of that.

SENATOR GRISANTI: All right.

And then, you know, you mentioned that it seems to be a theme -- or, with your legislation that you're talking about, is the concern that not enough attention is being paid to towns who want to focus on small businesses coming there, because that is what is needed, let's say, in a particular region or a particular area, like a Dash's that may have wanted to move in, and then, from Dash's, it expands, and somebody else comes in?

Are you saying that that -- that on a higher level, with the Erie County IDA, that it's not being recognized that that is needed in that particular area, because a Google or a Yahoo! is not coming there, and we need the small business to expand in these regions; and, therefore, we're not being paid much attention to, which is why we have, and still want, our individual IDAs?

Is that the basic premise?

ASSEMBLYWOMAN JANE CORWIN: I think that's my

concern.

Like I said, the Erie County board has 19 members on it, and some of them are from the large towns. A lot of them come from constituent groups, like I said, from, you know, Buffalo City Schools, labor council, NAACP.

I don't believe -- like I said, I have faith that they are all doing the right thing. But when you're talking about a grocery store on Main Street in Clarence, I just don't think a board of that composition will necessarily see the value in having a supermarket or a small business induced in one of the more smaller, more outlying towns.

And that's where I think the local IDAs serve a purpose.

SENATOR GRISANTI: Okay.

ASSEMBLYWOMAN JANE CORWIN: Like I said, at the end of the day, if Google comes in, I am sure those organizations would work together, through the leadership council, and through their boards, to be able to make sure you can get a big company in there.

But, the local ones, the small ones, I'm concerned would kind of get left to the wayside.

SENATOR GRISANTI: Okay, I appreciate the

answers. Thank you very much.

SENATOR GALLIVAN: Thanks, Assemblywoman.

ASSEMBLYWOMAN JANE CORWIN: Thank you very much.

SENATOR GALLIVAN: Erie County Executive Mark Poloncarz.

MARK C. POLONCARZ: Good afternoon.

SENATOR GALLIVAN: Good afternoon.

MARK C. POLONCARZ: I want to thank you for hosting this event, Senator Gallivan. And, of course, Senator Grisanti for being here.

And for, also, the members of the public and other elected officials and leaders for coming here today and to truthfully talk about a very important issue for the future of this community.

As comptroller, and now as County Executive, I've talked a lot about economic development and the challenges we face in Erie County, and it is one of the number one -- it is the number one priority for my administration, although I am going to get a Bills' lease done, with our help from the friends from New York State.

[Applause.]

MARK C. POLONCARZ: Thanks.

While we face a lot of challenges on the

economic-development system, unfortunately, the chief one in Erie County is the current dysfunctional industrial-development-agency system that ignores its own rules and appears to be more concerned with self-perpetuation and, truthfully, fostering real long-term economic growth.

We have a system, where, instead of working the bring new businesses and jobs to Erie County, we are more often shifting existing ones around from one town to another, not making the pie any larger, just re-slicing it in different ways.

We're not working to create or retaining good-paying traditional manufacturing or the back-office jobs that this area truthfully has been known for recently. We're talking about, often, low-wage or part-time retail jobs; pizzerias, liquor stores, doughnut shops, and car dealerships, among those that are the most noted from the last few years alone.

And when these deals have happened, it's not just as Assemblyman Ryan spoke earlier, the taxes and money of one community that's paying for it, it's every community in the county that's paying for the continuation of a dysfunctional system.

Most of the deals that are being done,

especially in some of the smaller industrial development agencies, but I will agree, also, often with Erie counties, are sales-tax-incentive deals; money that is shared by Erie County with all the 44 municipalities that exist.

And when we talk about Erie County, we're not just talking about the cities, the towns, and the villages, Erie County shares its school-district money as well.

So, each of the 44 municipalities and every one of the school districts gets impacted when a deal is done that provides sales-tax benefits to an entity.

Let me give you an example of that -- or, before that, I should say, that this once again shows us that when a transaction is done, whether it's done by the ECIDA or by an independent individual IDA, one of the five-other-town organizations, the majority of Erie County residents are not seeing the benefits from that specific transaction, but they are paying for it.

And the one that everyone's talked about in the last few years is the Premier Liquor transaction, in which Premier Wine and Liquor moved from Tonawanda, three miles down the road to the

town of Amherst.

I might added, that while the Countywide Industrial Development Agency Uniform Tax Exemption Policy, agreed to by all the IDAs in 2001, required notice to be given to the current municipality, to give them an opportunity to try to save that business in their town, no notice was given.

The supervisor of the town of Tonawanda did not find out about it until it was reported in the news.

That's wrong.

And according to Supervisor Weinstein of the town of Amherst, the IDA package included $246,000 in sales-tax abatements. Based on the countywide sales tax sharing formula, only $3,089, or, about 1 percent of that, came from the town of Amherst, while the remaining 99 percent of the sales-tax breaks were paid for by the rest of the people of Erie County, the cities, towns, villages, and school districts, including $1,500 from the town of Tonawanda itself where the business was poached from.

I'm not criticizing Supervisor Weinstein for noting that. That is the current system. And he

was noting, under the current system, it makes sense for the town IDAs to do these deals because the local municipalities are not paying for it.

Now, I think we could stand here all day and talk about good deals and bad deals with regards to each one of the IDAs, including, in the past, the Erie County Industrial Development Agency, but that would be diverting ourselves from the true larger issues at hand.

The central questions are:

What projects or type of projects should receive IDA support?

Who should pay for them?

And, lastly, who makes the decisions of whether to grant those inducements?

Right now, the answer is: The town-level IDAs themselves, who have very little accountability to the taxpayers of their community, the communities that they're giving money away from.

Not long ago, a member of the Lancaster IDA Board was quoted as saying, "We are a rubber-stamp organization. We're not a judge and jury."

And, truthfully, why should they scrutinize

these deals when they have almost nothing to lose from them?

It's not their money they're handing out, and it's not their concern when a deal has a negative impact on a neighboring town.

It is clear that the solution is to inject accountability into the system, and change a name or two of a given town IDA is not necessarily going to be just the goal that we need to do.

I know that there is a right system out there, and that's exactly the proposal that Assemblyman Sean Ryan has before the New York State Assembly at this point.

We believe that counties that are paying for tax breaks should have a say in what projects get them, and that's what the introduced legislation does. This legislation, essentially, requires a town-level IDA to get permission before handing out other communities' tax dollars, while still allowing them to complete as many deals as they want if they're giving out their own tax dollars.

If the town of Amherst, or the town of Clarence, Hamburg, Lancaster, or Concord, which are the five town IDAs, elects to do as many projects as they want, abating it through the use of their

own town tax dollars, I don't have a problem with that. But I do have an issue when a town gives out the vast majority of tax dollars that are, truthfully, for the rest of this community.

If there's one thing we know, with school-district costs rising and property taxes under a tax cap right now, making it very difficult for school districts to meet their budgets, the last thing school districts need are additional revenue being taken away from them by people who don't even live in that community.

A lot of people have met, a lot of people have come out, and offered resistance to the proposal of Assemblyman Ryan, and, generally, it's from those that have towns in the IDAs, and I understand that. However, despite much of what has been said about the positions over the several past few months, I am not in favor of consolidating the IDAs into one.

We have six industrial development agencies.

I will note for the record, the County of Monroe has two, which is the Monroe County IDA, as well as the Village of Fairport.

And also for the record, New York City only has one.

We have six.

I'm not calling for the consolidation down to one. I don't think that would be in the best interests of the long-term economic development of this community.

I believe that the town IDAs do have an important role to play in the economic development of the region, but we need better policies guiding those decisions than the ones that currently exist. And in the end, everyone has to agree to the rules, and follow them, which has not always happened in the past.

Ultimately, I'm interested in working cooperatively with the local governments to ensure that good projects that are truly beneficial for all of Erie County and Western New York are supported, and that precious governmental resources are protected and concentrated where the most benefit can be obtained.

In as such, I will continue to work in my which capacity as, both, a member of the Erie County Industrial Development Agency, as well as this county's Executive, with anyone who is willing to do so, to create a fairer system that creates real good-paying jobs for the future of this

community, and that benefits everyone of Erie County.

I thank you for your time, and I would be glad to answer any questions that you have.

SENATOR GALLIVAN: Thank you.

I have several questions, I'll bounce around just a little bit.

You talked about a set of rules. You've mentioned it in a couple different areas.

And I'm just curious, if there was a set of rules established, a set of common accepted rules, in your opinion, could the current system -- could the current system be viable with a set of rules that everybody followed?

MARK C. POLONCARZ: Well, there presently is a set of rule. It's the Countywide Industrial Development Agency Uniform Tax Exemption Policy, which was last agreed to by the IDAs in 2001, truthfully, the last time this discussion was really held.

The IDAs came together and said: Well, we need to solve this internally. Let's set up a policy and rules to do it.

The problem is, the IDAs are no longer following their own rules. And, so, we've talked

about this for decade and decade.

While we have not necessarily been in government for as long as some of our colleagues in the past, this discussion's been going on since the '60s and the '70s, and truthfully, the first Cuomo Administration, when Mario Cuomo stopped any further IDA growth, because it was expanding to the point it was not benefiting the greater community.

So, I would love to say, yes, that that's true, but we have a track record of the last decade, where we have policies in place, but the IDAs are not following them, and that's one of the reasons why we've reached this position again today.

SENATOR GALLIVAN: So, then, if there was some way -- again, in your opinion, if there was some way that we could ensure that a common accepted set of rules was indeed followed, could the current system be viable?

MARK C. POLONCARZ: Well, unfortunately, I think the only way to do that would be to create another branch or level of government to oversee the IDAs to ensure that they're following policy.

And I think everyone agrees, the last thing we want to do is create another level of government.

SENATOR GALLIVAN: The concept of the

affected entity making decisions, and giving an example, one town IDA -- the example you gave, you've got a town IDA gives some sort of break, and your testimony indicates, and you gave some numbers, how it affected other municipalities?

MARK C. POLONCARZ: Uh-huh?

SENATOR GALLIVAN: What about the ECIDA?

If we turned it around and there was one entity, or even with Assemblyman Ryan's proposal, would the ECIDA -- I mean, should the ECIDA get the approval of all of the affected municipalities as well?

MARK C. POLONCARZ: Well, the advantage of the ECIDA, I mean, there's been criticism from some of the speakers today about the size. But, by having a larger board, it actually is more representative of a true body of Erie County.

And as was noted, the town of Amherst Supervisor sits on the IDA board, even though the town of Amherst has an IDA board.

So, you could argue that they should not have a seat, but we've already agreed, as a community, because of the town of Amherst and its impact on the economy, it should have a seat at the board of Erie County Industrial Development Agency.

I think the goal is to ensure to have a true representative board of the community.

The ECIDA board, as Assemblywoman Corwin noted, is representative of labor and business, elected officials, and others, school districts as well. That board has, over time, been morphed into a board that's tried to create a true representation of our Erie County system.

It's not perfect. I don't think there is a perfect system.

What we're trying to do, and I think our Founding Fathers talked about trying to create a more perfect union, we're trying to create a more perfect industrial-development-agency system in Erie County.

And this proposal before the Assembly today, I think, is one that will do that.

SENATOR GALLIVAN: Do you think, and do you have any -- regarding, I was going to ask you about the make-up of the board -- would you recommend changes in the make-up of the board?

Not individuals, but --

MARK C. POLONCARZ: We have set --

SENATOR GALLIVAN: -- a number, bigger, smaller, additional people, fewer --

MARK C. POLONCARZ: -- I've sat down with a number of individuals who are concerned about the make-up of the board.

We've talked with some of the supervisors from the southern communities in Erie County who feel that they don't necessarily get as much say on the IDA board as they should have in past. We've talked to them.

It's not my sole decision, as Erie County Executive. As noted, there are 18 other members of the ECIDA which would have to agree to it, but I think there is general consensus among members of the IDA board, that, if we are going to have a better system, we need have a board that truly represents all of Erie County.

Right now, you have major towns represented. You also have business and labor represented.

But, some of smaller towns, including those in the Southern Tier, have not had the representation that they should.

I think it's fair, that we need to have a system that works for all, and that's some of the discussions we've had.

SENATOR GALLIVAN: My last question is really

more of a philosophical question.

Do you think we need IDAs at all?

I mean, in your opinion.

MARK C. POLONCARZ: We need industrial development agencies to help provide benefits for those projects that could not survive otherwise.

The question is: When do we do a project?

As I noted, there are some major questions, as, what projects should we incentivizing?

For the longest time, the general consensus was, you do a project if it's but for.

But for the receipt of these benefits, you cannot do this project.

We've really gotten away from that in many situations, where benefits are being provided just because they've been offered and the developers know they get them.

That, unfortunately, is sort of the bad part of the system today. Folks know, that even if they don't need the benefits to do the project, they might as well apply for them because they're basically being given out hat in hand.

I think there are projects that are necessary, and I'll give you an example right now.

The ECIDA approved a project recently for a

company out of Canada, Welded Tube, which is going to invest $40 million of its own money on the Bethlehem Steel site, to which we'll do 25 jobs in the first year, 125 by year three alone.

That deal would not have been able to have been done unless we received inducements, not only from the Erie County Industrial Development Agency, but the State of New York with regards to low-cost power and other assistance.

There are some transactions, just because of the high cost of doing business here in New York, that would not happen but for the incentives that are offered by IDAs. So, they do have a benefit.

The problem arises, is when they give benefits to everyone regardless if it's really needed.

SENATOR GALLIVAN: Thank you.

SENATOR GRISANTI: County Executive, thanks for coming today. I appreciate it.

Recently in the newspaper, when I read this, I actually -- and I don't know if it's gone forward, but I know that the Erie County IDA was talking about a new policy for offering the tax breaks to hotel projects, and expanding the guidelines to permit incentives for lodging projects in targeted

areas in the city and the suburbs.

And then it talked about, that the new policies, even though it was saying it was only going to apply to the Erie County IDA, that there's been meetings with the officials from the other five IDAs getting together, and saying: You know, we're going to do an expansion of proposals to include hotels that are part of neighborhood developments, or things along those lines.

So what sounds like, when there was something very specific, it looks like something was able to be worked out.

I mean, is that -- is that a fair assessment of what I read?

It sounded like everybody got on the same page with regards to a very specific part of a project regarding hotels.

MARK C. POLONCARZ: That is correct, the leadership council did meet.

I do not sit on it. But, the chairman of the ECIDA, a former Congressman, John LaFalce, sat down with the representatives from the other IDAs, and they worked together to reach a policy that everyone hopes can be productive and workable in the future.

To my knowledge, the only industrial

development agency to actually pass the policy right now is the ECIDA.

We went head first, hoping that the other ones would, based on the comments that we received in the past. I'm hopeful they will.

If they don't, then the ECIDA is going to have to relook at this, because, once again, we would have put ourselves behind the 8-ball, to -- from other IDAs that, truthfully, would have a beneficial advantage, because we would have created a more restrictive environment for our hotel projects.

I'm not a big fan of hotel projects, because I look at those as part-time and low-cost jobs.

But, there are some projects that truly do benefit this community. We can talk about that, and how they actually will help spur development in a particular area.

I'm not in favor of every hotel project. I think there are some benefits that can be gleaned from it, but others that probably can't.

And one of the things that we had as part of this discussion, was a discussion. It just wasn't one person saying, Mark Poloncarz is not in favor of

hotel projects, so all hotel projects are off the table.

And this, I think, is a perfect example of the parties coming together and trying to reach an equitable solution.

I am hopeful that the other five IDAs now pass the policy, and then, most -- more importantly, follow it.

SENATOR GRISANTI: That was going to be my follow-up question.

And -- so I take it that the changes, and the new policies, and offered, and even with the expansion, going beyond the original proposal to include hotels that are part of neighborhood-enhancement areas, which are portions of communities that are being targeted for development, that this new set of rules or policies is something that would be an amendment to what was there in 2001.

MARK C. POLONCARZ: Correct.

SENATOR GRISANTI: And like you said, it's got to be followed, but, you don't want to have a second bureaucratic agency making sure that it is being followed.

You're just hoping that -- that, being

cooperative, that it is something that would be followed by everybody, have they -- if they all vote for it?

MARK C. POLONCARZ: That is correct. This would be a modification to the Uniform Tax Incentive Policy that has been adopted in '01. It was a part, and approved as a modification, by the ECIDA.

And as you said, I'm hopeful the other ones will.

Otherwise, the only other party that could potentially hold them liable is the court of public opinion. And as we've seen in the past, the court of public opinion is not necessarily going to be the strongest arbitrator to resolve this dispute.

SENATOR GRISANTI: And, you've heard me ask the question to a prior speaker, but, you do see in the system that's in place now, the shifting of businesses that are jumping from one town to another to get those breaks.

And you mentioned about Premier, without even giving Tonawanda a notification that, Hey, this is something that's going on.

Have you seen others recently that that's been happening?

I mean, is it one or two projects a year?

Or is it more than that, that we just don't hear about?

MARK C. POLONCARZ: Well, there were -- the big one that really lit the powder keg, supposedly, is Premier.

There were others in the past.

There are questions about the Barnes and Noble on Transit, which moved from Amherst, to across the street to the town of Clarence. Even though the building was only about 10 to 15 years old, it's probably the type -- the length of the inducement they passed, and they moved across the street to get another benefit.

So that's just one example from a recent time.

I think since the Premier Liquor incident, so to speak, IDAs are being a little bit more self-conscious, that maybe we don't want to pursue that type of project. Or developers themselves are more self-conscious, that maybe that's not a project we want to put out before the public opinion right now, because the public opinion would be, reject this proposal.

But it has happened in the past. There's plenty of examples of evidence of that, and we'd

be glad to provide them to you afterwards.

SENATOR GRISANTI: And do you see that it may be something that, because it is a powder keg, and it came out right now, that, what's not to say it would go back to the same practices two or three years down the road?

MARK C. POLONCARZ: Well, we'll note, as this has been going on for decades. And, 10 years ago, the same debate was happening.

It got quiet for a while, and then went back to the same failed, dysfunctional system.

That's why I think it's important that we actually address it, and not just give lip service to it. And that's why I'm very pleased that you're here today, because it is an important issue, and we're talking about regional economic development.

We have a regional economic development council that represents, not just Erie County, but all of Western New York, and it is thriving because it, truthfully, is focused on regional economic development.

We can no longer think of ourselves as just towns or villages or cities or suburbs. We have to think of ourselves as Buffalo, Erie County, Western New York.

When people leave this area to go on vacation, regardless of whether they're from a village, a town, somebody asks them where they're from, they'd probably say they're from Buffalo.

And we need to think regionally when it comes to our economic-development message because, if we don't, we'll continue what has been a bad economic-development record of the last 30 years.

SENATOR GRISANTI: You know, that's funny you mentioned that, because I remember when Governor Cuomo put in the regional economic development council, he stated, that when the board is made up, the first thing you need to do is erase the boundary lines of where you're from, and figure it as a region in Western New York.

So, I appreciate your testimony here today.

Thank you very much.

SENATOR GALLIVAN: Thank you, County Executive.

MARK C. POLONCARZ: Thank you, gentlemen.

SENATOR GALLIVAN: Jim Allen, Executive Director of the Amherst IDA.

And while Mr. Allen is coming up to the podium, what I did neglect to say, if you have written testimony, or speakers want to leave

copies of their remarks, you can leave it right out -- just drop it right at the table out in the foyer.

Mr. Allen.

JAMES ALLEN: Thank you, Senator, and Senator Grisanti, for being here today.

Let me just, first of all, say that I agree with a lot of what County Executive Poloncarz just said. We do have a countywide policy -- Senator Grisanti, you asked that -- and it was adopted in 2001, and it's been amended a couple of times, 2005, and 2008. But, it really does need to have some tightening, and I think we're all in agreement with that. And all of the countywide -- or all of the municipal IDAs are in agreement, and we're working on that.

So, I just wanted to add that, quickly.

SENATOR GRISANTI: Appreciate it.

JAMES ALLEN: I really want to talk -- for the record, I'm Jim Allen. I'm the executive director of the Amherst IDA. I've been the executive director since September 1979.

And prior to that, I ran the Genesee County IDA, from '73 to '79.

Industrial development agencies are important

resources in the State's effort to revitalize and expand our economy. For the most part, IDAs are the lead economic-development entity for the county, city, or town in which they operate.

IDA serves as a conduit between public and private sector, in terms of influencing and encouraging the much needed capital investment that results in job-creation retention.

Since 1979, the Amherst Industrial Development Agency, working with the Town of Amherst, primarily through its comprehensive master plan, the Amherst Chamber and the private-sector business and development communities, has assisted over 400 projects representing a capital investment over $2.5 billion.

And since 1980, the town of Amherst has grown, from 37,000 jobs to over 104,149 jobs. This is based on the 2010 census. This represents nearly 80 percent of all the net new jobs created within the region.

It should also be noted that 86,000 people who were employed in Amherst do not live in the town of Amherst, but within the region they commute.

So, I really have a little bit of concern when people say that we're not creating jobs. We

are creating a lot of jobs, and many of those jobs are the kind of jobs we're all looking to create.

As you know, the IDAs were authorized in 1969, per the General Municipal Law, Article 18A, and have been established for every county outside of New York City, with two counties sharing one.

Currently, there's 114 IDAs in New York State. 56 of the IDAs are county IDAs; 26 are city IDAs, including New York; 27 town IDAs; 4 village; and 1 IDA that was jointly established for a city and a town.

County IDAs sponsored 62 percent of all the projects done in New York State last year.

It's also interesting to note, that in the most recent New York State Comptroller's report, it was found that the median cost per job created through IDA assistance in New York State was $1,661.

And I want to note, the median cost per job in Amherst is $358.

The median operating cost -- talking about needing to have administrative fees to prop up the staffs, the median operating cost per job was $318 in the state. In Amherst it's $60.

So, clearly, New York State IDAs represent

the most cost-effective economic-development program of all the economic programs in the state.

But what I really want to talk about, and it really gets to the whole issue of the Premier Liquors, the car dealers, the doughnut shops, the pizzerias, what I really want to talk to you today about, is adaptive reuse in community development and revitalization.

The Buffalo-Niagara region contains many underperforming and vacant commercial plazas as well as several abandoned industrial properties. Community stakeholders are seeing more empty storefronts and long-term vacant -- retail vacancy in strip commercial areas and former Big Box stores. And even though routine market forces and retail trends account for some of the vacancy, many local leaders are concerned that market vacancy, if not adequately addressed, will become chronic vacancy, which becomes almost impossible to deal with.

And many of our cities across the New York State have seen that chronic vacancy becomes almost impossible to address.

In 2005, the Buffalo-Niagara region was one of seven communities selected among fifty who

responded to the National Vacant Properties Campaign for a proposal to provide technical assistance in evaluating our region's existing policies and programs that address abandonment and blight.

The proposal was sponsored by the Office of Local Initiatives (LISC), the Amherst IDA, and the Regional Institute of Buffalo.

The proposal result and the regional vacancy assessment, which included the city of Buffalo, the attiguous towns of Amherst, Cheektowaga, and Tonawanda.

The report entitled "Blueprint Buffalo: Regional strategies and local tools for reclaiming vacant property in the city and suburbs of Buffalo."

I bring this up because it gave us -- not only gave us, but it directed us to use IDA incentives to a lot of -- to alleviate a lot of this vacancy.

And this is important: The estimated cost of vacancy is over $12,000 per person over a 5-year period.

Based on the statistic, the cost of the 39,000 vacant properties that were identified in the study, 23,000 of which were in the city, and 16,000 in the suburbs, is $486 million over

5 years; or $93 million per year.

Clearly, as a region, we need to aggressively deal with this issue, and the report concluded that industrial development agencies can play a critical role in the process.

It should be understood that the economy we find ourselves in today is no longer strictly an industrial economy. Place-making and community revitalization is something that IDAs need to be encouraged to do.

This is the case throughout much of the state, but for some reason, it's proven to be controversial in Erie County.

You will hear the changing -- that changing the name of the industrial development agencies to economic development agencies is something that the legislature can and should do.

I support that, but I also agree it shouldn't be required, if we can all agree that IDA should be doing adaptive reuse and redevelopment.

Currently, although there's no legislation -- legislative restrictions on IDAs engaging in redevelopment, there had been, under Section 862 of General Municipal Law 18A, which expired in 2008.

Now, we're hearing rumors of the fact that

862 may be reauthorized, but only for the facility portion and commercial apartments.

If that's the case, and the restrictions against retail are not reauthorized, that would be fantastic. But, if it's reauthorized, there are restrictions on doing retail.

I would just like to leave you with some statistics about redevelopment projects.

We've undertaken, since 2000, when we first assisted the redevelopment of the University Plaza, University Plaza was the first redevelopment project we did, and that was done at the request of the University of Buffalo.

President Bill Greiner said: Could you please do something about that plaza? It's not safe. Students don't feel comfortable going there, particularly later at night.

And we worked with the developer, Henderson Development, to renovate that plaza.

But since then, we've done 51 projects.

49 projects from 2001 to 2011, with capital investments totaling $171 million; and
2 projects in 2012, approximately 30 million. Or, a total of $200 million.

And I just want to add, that this is new

investment in older parts of our town, where we were seeing vacancy and the first signs of blight. And that was areas that we really were not finding many people wanted to invest in until we began to incentivize it.

Now, I'm not going to read this whole thing, because I want to stick to the three to five minutes. I may even be past that already.

But, I put down three projects, the most controversial projects, we've done in the last year, and we've become the poster child for IDA abuse, which I resent, because I don't think it's true, but it's not understood what we've done.

But the three projects are:

The Stereo Advantage site of 5195 Main Street in the town of Amherst, for -- with Paladino.

The project will return at the end of the abatement period. So, there's a 10-year real-property tax abatement on the project, which is the equivalent of 485-b which you've heard about today.

But at the time, when all of the incentives are gone, the value of the project will return 12 times the benefits, in terms of comparing it to the value of the benefits they received.

That's just the Stereo Advantage project --

SENATOR GALLIVAN: Excuse me, over what period of time?

JAMES ALLEN: Ten years.

SENATOR GALLIVAN: Over a 10-year period?

JAMES ALLEN: Yeah. We're looking at --

SENATOR GALLIVAN: No, no. Not that they received --

JAMES ALLEN: -- we're looking at, what is the cost of the benefits?

SENATOR GALLIVAN: So you're looking at, with this number "12 times," year 11 through 20?

JAMES ALLEN: Right. Right.

SENATOR GALLIVAN: Okay, thank you.

JAMES ALLEN: Prime Wines, or infamously known as "Premier Liquor," was the reclamation of a vacant brownfield at 39 Maple. The site was vacant for three years, and formerly housed a car dealership. It will return 9 times the benefits to the community over incentives, over a 10-year period.

And, lastly, North Town Automotive, it was a vacant former auto dealership at 3845 Sheridan Drive. It was vacant for over four years. It will return 18 times the value of

the incentives compared to the benefits that they received.

So, I think that adaptive reuse and redevelopment is something IDAs need to do.

I would agree with both Mr. Poloncarz and Sean Ryan that not every project should be done.

I think the solution to that problem, is simply to have redevelopment-zones enhancement districts, and that has been a problem. We had been after the County, not -- not under Mr. Poloncarz, but when Ms. Jobber [ph.] was the county executive, we suggested the County provide a template for all of the towns as to how to identify redevelopment projects.

And if we could have that, I think we could do away with a lot of concerns that everybody has.

If everybody agreed, that in these areas throughout the county, incentives can be provided to retail projects that otherwise wouldn't be provided, then I think we can go a long way to keeping the peace.

But, with that, I will end.

SENATOR GALLIVAN: Really only one question, and you've answered it a little bit, right at the very end.

In the area of adaptive reuse or redevelopment, in your opinion, should that be something the State should legislate, or should that be a local decision and a local matter, as far as incentives, or whatever the structure of incentives may be?

JAMES ALLEN: Well, yeah, that's a great question.

I hate to see the State legislate anything, because, typically --

SENATOR GALLIVAN: A lot of people do.

[Laughter.]

JAMES ALLEN: -- typically, the unintended consequences of the legislation are worse than, you know, the problem that we're trying to solve.

There was legislation, like I said, Section 862 of General Municipal Law, restricted us from doing retail and other kinds of commercial.

And "other kinds of commercial" was, virtually, every kind of commercial. And that made it very difficult to do.

And what we were doing for the last several

years before Section 862 expired, we would incentivize the developer on the building, but give no incentives to the tenant. So, it didn't matter what the tenant was.

And we think that's responsible economic development. We still got in trouble for that, because people don't understand that we didn't give incentives, for instance, to Premier Liquor for the furniture, fixture, and equipment. That was not eligible, in our opinion. It's just the building that received incentives.

But I think that's one way of doing it.

But my point is, I don't want to see 862 be reauthorized with those restrictions on it.

I really think that everything we've talked about, and I was kind of happy to hear toward the end of Mr. Poloncarz' remarks, I think I heard, that if we could come up with a countywide policy, with some kind of oversight, some kind of accountability, then we could solve a lot of the difficulties we seem to be having.

I have no problem with that, frankly. And I think it should be done on a policy level rather than a legislative level, but that's only because, I guess, out of the unintended consequences of

legislation.

SENATOR GALLIVAN: Well, we get that part.

Thank you.

SENATOR GRISANTI: The -- yeah, Jim, the -- and I agree, I think that that's what was said, but then you're dealing, I think, with a second sort of bureaucratic agency kind of overseeing whether or not.

And I'm going back to this template that you tried -- you know, that you talked about before in a prior county executive's administration, to try to set some sort of rules and regulations.

But, in 2001, I guess what I'm hearing, is that there are some rules and regulations that are there, but they're just -- they're not being followed.

Is that your understanding as well?

JAMES ALLEN: Yeah, and I don't want to say they're not being followed. I'm simply saying that some of what kept everybody in line was Section 862 of the law. So, there were restrictions that you couldn't. I mean, obviously, it would be illegal to do some of the stuff that we were doing after 862 expired. So, we weren't doing those things.

And we were doing things, like I said, you

know, incentivizing the building but not the tenant, and things of that nature, to get around the law.

I think we need to have some kind of a better understanding of what we can do within the law, and within certain areas designated by the municipal legislatures.

SENATOR GRISANTI: Okay.

All right, I appreciate it. Thanks very much.

SENATOR GALLIVAN: Thank you.

SENATOR GRISANTI: And thanks for submitting your testimony as well.

SENATOR GALLIVAN: Steve Walters, town of Hamburg Supervisor.

STEVEN J. WALTERS: Thank you, Senator Gallivan, Senator Grisanti, and panel.

Thank you for the opportunity to speak on the state of IDAs in Erie County.

For the record, I am both the supervisor of the town of Hamburg and the chairman of the Hamburg IDA. I have held both positions for the past 6 1/2 years.

Beyond that, I am also a resident of Erie County and the town of Hamburg, and I am a taxpayer.

Let me first start by expressing my strong support for the current IDA structure. I say this primarily from my firsthand experience with IDAs.

Industrial development agencies, despite their names, are charged with promoting overall economic development. They are not meant to exclusively promote industrial activities, although that is important.

This has never been up to debate in Erie County or anywhere else in New York State. In fact, the common policy between all six IDAs in Erie County acknowledges as much.

To that end, perhaps one statutory change that should be made, is to have the IDAs called "economic development agencies."

And I don't believe making that request is simply a political -- a PR move.

There is no question that economic development is not based on one single factor.

Whether a company chooses to locate, to expand, or to stay in Erie County depend on a number of factors, such as the type of workforce, the surrounding infrastructure, and the community itself.

A community that fails to acknowledge this,

that allows itself to deteriorate, or that idly watches as more and more buildings become vacant, is bound to fail. Economic opportunities will vanish.

A company that is brought to a blighted neighborhood or community is much more likely to decline making an investment in that community than if it was brought to a thriving community.

This is just common sense.

So what we need to focus on, as much as the proverbial big fish, are the little things.

Mayor Giuliani's "broken window" theory: If we can address the little things, the big-picture benefits are sure to follow.

Look no further to the Buffalo waterfront as proof of this. After years of waiting for the silver bullet of the moment, whether it be Bass Pro or otherwise, the folks in charge changed their focus and began to focus on the little things.

And while the change was not noticed overnight, I don't think that anyone would argue that Canalside is a vastly improved waterfront and is quickly becoming a destination we all knew it could be.

And these successes are only creating more

opportunity, more investment, and more successes in the city of Buffalo.

The same is true of our communities. In the town of Hamburg during the previous five years, the Hamburg Industrial Development Agency has assisted 45 projects. These projects led to a total investment of nearly $80 million.

More importantly, these 45 projects have allowed us to retain approximately 780 jobs, while at the same time, creating a approximately 560 new jobs.

Furthermore, these properties pay substantially more in village, town, county, and school taxes than they would have paid without making the investment.

In addition, the new workers pay state and federal income taxes.

This does not even take into account the economic spinoff that occurs as a result of the operations of these businesses, and the spending by the workers who would otherwise not have jobs in Erie County.

Yes, it does cost the community to grant the incentives, but as was pointed out by Mr. Allen, there are also -- there's also a benefit side to

that, and that benefit side is much greater than the cost side.

To illustrate this, our Ravenwood Industrial Park in the town of Hamburg was paying approximately $15,000 in property taxes.

After the IDA worked to build up the park, it is now paying $170,000 per year in property taxes, property taxes that go to the town, that go to the county, and that go to the school district. And this increase of over 10 times is in spite of the fact that the town IDA granted abatements to these projects.

I would add that the total investment has a return much greater than the 5-to-1 ratio that the Governor is pushing for in his billion-dollar investment program.

It may also surprise you to learn, that of these 45 projects, only 3 have come from other communities in Western New York. And of those three, all moved because they had outgrown their existing facility.

One actually moved into a facility that was five times the size of its old facility.

The assertions that IDAs are only pilfering from each other is patently false, and that

assertion needs to stop.

Again, of these 45 projects in the Hamburg over the past 5 years, the vast majority, 42, were either Hamburg businesses that have been able to expand and grow, or businesses that are new to this region.

Having worked closely with the leaders of the other communities with IDAs, I can assure you that you would find similar statistics in their communities.

Another surprising fact, is most of the projects that the Hamburg IDA has assisted involved -- has involved filling vacant buildings. Only 5 projects of the 45 I mentioned involved a new building being constructed. And like Canalside, our success begets more success.

Take a look at our village of Hamburg.

In 2005, the village Main Street looked more like a ghost town than a commercial district.

Through active efforts of many parties, including the Hamburg IDA, the village of Hamburg currently is not only a strong and vibrant community, but has actually received awards for its turnaround.

We call these efforts "adaptive reuse."

Using adaptive reuse allows us to fill vacancies, helps eliminate blight, and helps to reverse sprawl.

More effects to highlighted adaptive reuse.

When I took office in 2006, Hamburg's commercial and business vacancy was over 27 percent. That means one-quarter of all of our non-homestead square footage in the town was vacant.

Through smart but aggressive use of adaptive reuse, that figure is now below 10 percent.

What all this shows is that, IDAs work, adaptive reuse works.

IDAs have promoted economic development, have brought jobs to our community, and have helped breathe life back into our down-trodden areas.

And we have done all of this while actually increasing the amount of taxes to our schools, towns, villages, and county.

Even Assemblyman Ryan agrees with the positive benefits of reoccupying vacant buildings. Mr. Ryan himself stated to the "Buffalo News" in May of 2012, that, quote:

"Look at the return taxpayers get out of the LaFayette project. We get hotel tax from the rooms, sales tax from retail and restaurant,

liquor tax from bars, and more property tax out of the building.

"Beyond that, a revived LaFayette lures investors to the neighborhood, inflates property values, and brings people downtown to live and play."

The Assemblyman was right with those comments. And this is exactly what we are doing in our community, and it is working.

I would respectfully aver to this panel that any legislation regarding IDAs should empower us to continue our good work, and should not tie our hands and reverse the positive benefits that we have succeeded in creating.

Thank you.

SENATOR GALLIVAN: Thank you.

Two questions.

STEVEN J. WALTERS: Sure.

SENATOR GALLIVAN: First, you gave us some data on the benefits to the community, to Hamburg community.

STEVEN J. WALTERS: Yes.

SENATOR GALLIVAN: Do you have statistics available that you would be able to provide for us?

STEVEN J. WALTERS: I do.

SENATOR GALLIVAN: All right, thank you.

Obviously, you may not have them with you, but --

STEVEN J. WALTERS: I don't have them with me --

SENATOR GALLIVAN: That's okay.

STEVEN J. WALTERS: -- but I will certainly forward them to your office.

SENATOR GALLIVAN: So we can take a look at them.

STEVEN J. WALTERS: Absolutely.

SENATOR GALLIVAN: If I remember your testimony correctly, you mentioned three businesses have left town?

STEVEN J. WALTERS: Three businesses have relocated to Hamburg from other towns, cities, or villages in this region.

SENATOR GALLIVAN: All right. Did those -- were those businesses located in towns with IDAs?

STEVEN J. WALTERS: One was, two were not.

All three occasions, we contacted our -- the town that they were moving from. And in each of those three occasions, the town that the business was moving from acknowledged the fact that they

could not accommodate the business's growth anymore, and, certainly, was more interested in the business growing in this community, staying in this community, keeping jobs in this community, than moving outside of the this area because of regional boundaries.

SENATOR GALLIVAN: All right, thank you.

Mark?

SENATOR GRISANTI: Yes, Supervisor Walters, I don't know if it's kind of like a recurring theme that I'm hearing, but, to me, that it sounds like, you know, the way it was looked at with IDAs, more industrial in nature, and correct me if I'm wrong, but your feeling is, again, a sense of sort of bias that there's not enough focus on projects that are needed in the smaller-town areas that help, starting out on a small scale, and then lead to bigger things down the road?

STEVEN J. WALTERS: Absolutely.

I mean, just as one example: In our town, we had a company called K-TECHnologies. They're a high-tech manufacturing facility.

They do projects for both the U.S. Military and NASA. It started in someone's garage.

Over the years, we've helped them move into

different facilities throughout our town. Each time, they've expanded their growth, they've expanded their workforce.

The little projects are important.

We all know that when you're starting a business, those first two years are the most difficult, generally, that you're going to face. Most businesses that fail, fail within those first two years.

We're able to help those businesses.

But beyond that, if you take a look at where those businesses want to be, you know, there's a reason why certain areas of Erie County continue to be blighted. Investment doesn't want to go to those areas with the -- without the incentives.

We need to help those businesses move to those blighted areas, much like the hotel, LaFayette. That project would not have happened without a substantial tax incentive to the developer.

Once that developer was given those incentives, that project went forward, and you look what we have.

SENATOR GRISANTI: And you talked about, and it's interesting, that there's only been three, and

only one was in a prior IDA, of the businesses that left.

But, on any occasion, all three needed to move because the areas that they were in cannot help with the expansion, and you were able to do that?

STEVEN J. WALTERS: Right, all three that moved into our community, moved into an existing building that was substantially larger.

One --

SENATOR GRISANTI: That was vacant?

STEVEN J. WALTERS: That was vacant.

And they were able to do that, to expand their business.

And like I pointed out, one of those businesses was five times the size of -- or, the business -- the building that the business went into was five times the size of the building that it left. You know, that's the type of expansion it was going.

And it really does work both ways.

The County Executive mentioned Welded Tube.

What may surprise this panel too, is the Hamburg IDA found Welded Tube.

The Hamburg IDA worked with Welded Tube. We

thought we had a building in the town of Hamburg that worked for Welded Tube.

After they did some of their due diligence, they recognized that the building that we had did not work for their needs. So, we helped them go to the ECIDA, because we want them in this area.

So, not only were we not stealing from them, we were actually pushing somebody into another community, because it's recognized.

And this isn't just Hamburg, this is all the IDAs. It's recognized that business opportunity, investment in economic opportunities, in Buffalo, in Lackawanna, in Amherst, or Hamburg, or anywhere else, help the entire region. They don't help just that one single community.

SENATOR GRISANTI: Okay. Do you see, either a change, or for -- whether it's the Erie County IDA, or the -- I take it, did Hamburg change their name then to not an IDA? Are they --

STEVEN J. WALTERS: Well, that's a state -- the State would have to adopt legislation to allow that.

SENATOR GRISANTI: All right, but that's what you're talking about, is it should be economic development --

STEVEN J. WALTERS: I think it should, because, unfortunately, too many people focus on that word "industrial," and think that the only thing that an IDA should be doing is industrial.

And the fact of the matter is, as I pointed out, economic development is more than one single narrow focus. You have to look at the whole big picture. And if you're able to do that, then that begins to spur real economic growth and real economic development.

SENATOR GRISANTI: Okay. Do you agree, like some speakers before you, that the rules that are there from 2001, some are -- they're just not being followed, some of them? Or there's --

STEVEN J. WALTERS: I don't necessarily agree with that. You know --

SENATOR GRISANTI: Or does there need be an update in the rules?

STEVEN J. WALTERS: There should be -- you're always needing to take a look at things, and to figure out what to update.

And the hotel policy was mentioned as one of those examples that need to be updated.

And the County Executive was right, right now, the ECIDA is the only board that has adopted

those policies. Of course, they only did that two weeks ago.

We only met about three weeks ago to discuss those changes.

Our board hasn't even met since that time. So, give us a little time. You know, we fully expect that we're going to adopt them, and I'm sure the other IDAs would say the same.

The fact of the matter is, the biggest complaint right now is with adaptive reuse, and the complaints are coming from communities that the ECIDA oversees.

And they're looking at all their vacant structures, and then looking at the vacant structures in my community, and the other four suburban IDA communities, and saying:

How are you -- it's not fair that you five are able to help businesses locate into these vacant structures, and it's more expensive to locate into a vacant deteriorated structure than it is to build something new. It's not fair that you people can help out businesses and fill your vacancies, and we don't have that opportunity. The real focus should be: Why is the ECIDA not helping Cheektowaga fill out their vacancies? Why aren't they helping the

town of Tonawanda do that?

And that's really was the push behind, you know, should we form these little regional cores for IDAs, because then we could look at, the town of Hamburg, for instance, could help out the town of Orchard Park, could help out the town of Evans, and other communities, that have these vacancy issues; whereas, the ECIDA is simply not doing that right now.

SENATOR GRISANTI: Okay, and you're talking about, that was a proposal by Assemblyman Gabryszak?

STEVEN J. WALTERS: Yes, yes.

SENATOR GRISANTI: Okay.

All right, thank you, Supervisor Walters.

I appreciate your testimony today.

SENATOR GALLIVAN: Thank you, Supervisor.

SENATOR GALLIVAN: The town of Concord Supervisor, Gary Eppolito.

GARY EPPOLITO: Thank you, Senators, for this opportunity to stand before you today.

I would like to point out, first, before I forget, I was the Concord -- the IDA in which had a project move to Hamburg, and we too encouraged that business to move to Hamburg, because we did not have the facilities in Concord. And it won for

everybody, because they also employed several people from Springville. And so, therefore, their movement to Hamburg benefited, both, the business, and our employees who were able to continue working there.

So, again, this conception -- concept that we're constantly stealing from each other, it is just -- is ridiculous.

SENATOR GRISANTI: And let me just interrupt you for one second.

So if that did not happen, if there was not another facility, then what would have happened with that particular --

GARY EPPOLITO: Who knows?

They didn't have the room to expand in Springville. Didn't have the facility there.

SENATOR GRISANTI: It's possible they would have left?

GARY EPPOLITO: Who knows?

It's a trucking outfit, they could have gone anywhere.

SENATOR GRISANTI: All right, I appreciate that. Thank you.

GARY EPPOLITO: First of all, I would like to state that, in terms of area, Concord is perhaps the largest town in Erie County, compromising

approximately 70 square miles. Its IDA was created in the early 1980s, and has been successfully representing the town's economic development for over 30 years.

Other than the consultant and the legal counsel, no one is paid. There's no big budget, so on and so forth.

As Town Supervisor, I assumed the duties of Chairman a few years ago as part of my duties, and without any further remuneration.

During the past year, we're a small IDA. We've done a total of just two projects.

One was the renovation of an abandoned truck terminal;

And the other, in addition to -- on an existing manufacturing plant that currently employs over 100 people, and was looking to move out of state. They were looking at other sites. The addition that we allowed this company will allow them to add significantly into their work in the near future, and will keep them in New York State.

The town of Concord has become a gateway to Buffalo and Erie County. The continued expansion of Route 219 will certainly increase its importance.

Our location, coupled with our low utility

rates, Springville's electric rates are approximately one-third of other communities, being a municipal electric community. And the fact that the township, essentially, is located over a vast amounts of water, means that we're blessed with reasonably priced and abundant utilities.

One of the biggest criticisms about IDAs has been the use of unsubstantiated abuse -- or, the unsubstantiated abuse of the adaptive-reuse policy which all IDAs have the ability to utilize.

The Concord IDA has been able to utilize this tool on three occasions over the past few years.

The first project allowed a local businessman to spend $500,000 to remodel an abandoned century-old Simon Brothers clothing store located right in the heart of the village. The village's historic district, I might mention.

That building now houses a total of 11 offices and businesses, including a new coffee shop which is about to open next month. Among its other tenants are "Metro News," offices, a surveyor and engineer, beauty shops, software manufacturing company, a development company, and so on and so forth.

That's one building, one adaptive-use

project; 11 businesses of different types operating there.

Okay?

A second adaptive-reuse project allowed four local businessmen to remodel bankrupt knife factory, essentially a brownfield, which is also located in the Springville business district, into a restaurant, an accounting office, a day-care center, and a small manufacturing business.

This was a bankrupt plant that was likely to stay there for years, quite frankly, before anyone developed it. It was a huge property.

The third adaptive-use project took the truck terminal I previously mentioned. Adaptive reuse made it possible for local businessmen to renovate the property into a full-service fitness center. Expansion and remodeling of that property is taking place as I stand right here before you today. They're working on it right now.

A few years ago, a large feed-mill owner approached the Erie County IDA about a project for his business, a step he took because he was not aware of how IDAs operated, nor was he aware that Concord had its own.

The IC -- Erie IDA promptly began marketing

properties in Lackawanna.

I am not aware of any need for animal feed in the cities of Lackawanna or Buffalo. There's not a lot of cows and, you know, there.

I'm happy to say, Gramco, that company, with the help of the Concord IDA, this longstanding business built a modern feed mill in the outskirts of the village, took advantage of our utilities and water, and in an area where it could much better serve its customers in southern Erie and Chautauqua and Cattaraugus Counties, as well as Allegheny County.

I firmly believe that without the Concord IDA, these projects would never have been possible.

Sometimes people forget that Concord and Springville are in Erie County.

The community could be -- would be burdened with three decaying buildings, none of which would be paying taxes. In fact, two of the projects will be paying full property taxes very shortly, and at much higher rates, since the significant capital improvements have been made to those properties.

The Erie County IDA is a very competent agency, but it does not, and cannot, serve the needs

of a county as large as Erie.

The loss of Concord's IDA would make economic development difficult, if not impossible, for the town of Concord.

I would be curious to find out just how many projects the ECIDA has taken on our -- in our suburban and rural towns.

If a community feels it's not represented, then let it join in an adjacent IDA, as has been suggested.

I certainly have no objection with working with my neighboring communities.

Personally, I feel the efforts of the current administration have nothing to do with economic development. And this is my personal opinion, their real aim is control.

My board and I are far better in tune with the needs of the Concord -- of Concord than any ECIDA representative is.

The IDAs have worked together in the past and, if permitted, will do so in future.

I agree very -- we've worked together as the leadership council. As Supervisor Walters pointed out, we have not had a chance to pass the hotel proposal because we haven't met. We meet quarterly.

We're very small. There's no need to meet on a regular basis like some of the others do. But that will -- I'm sure will be discussed very shortly, and will be passed.

But, we certainly do support working together. We have in the past. I've served on the leadership council, and have enjoyed, and had my input there also.

And I think that's the way to do business.

In conclusion: I -- there's an old cliche that I think aptly applies to government. It goes something, and I quote: Lead, follow, or get out of the way.

It is my opinion that government's role is to lead.

I would like to suggest that it's the State's responsibility to facilitate the leadership of our IDAs, because they have demonstrated the ability to lead, and over the past several decades.

If it's something that state government chooses not to do, then I suggest that it simply get out of our way and let us do what we do best: economic development.

Thank you again for allowing me to express my thoughts today, and I'll take any questions that you

might have.

SENATOR GRISANTI: I don't have any questions -- I -- well, just -- just something that I'm -- again, I see a recurring theme, as I understand it.

I take it you would agree then with Supervisor's Walters, in saying that, you know: Sometimes we're not always at the table --

GARY EPPOLITO: Oh, without question.

SENATOR GRISANTI: -- with these IDAs. And we want to remain at the table, and have benefits. It's almost like we're kind of shut out.

Is that your feeling as well?

GARY EPPOLITO: Oh, without question.

You know, there are people, I'm sure, in the city that aren't even aware that Concord and Springville are in Erie County. I'm sure it's there, it exists.

I mean, some -- it's funny, but, my experience in government has shown that there's people that believe that the government -- you know, the world ends in Hamburg, from -- and people in the Southtown, quite frankly, think the other way. You know, the world as they know it ends in Hamburg. They just -- Buffalo -- driving to Buffalo drives

them crazy.

It's a big county, there's a lot of space out there. And, I think to represent everybody adequately, I think that we need to contain -- keep our own IDAs. And, certainly, you know, follow the same rules. I agree wholeheartedly with that.

But, what you've got is, a lot of communities, especially our smaller villages, and stuff, they're suffering. We're stuck with a lot of these old historic buildings, most of them -- many of them over 100 years old, and what do we do with them?

The adaptive-use policy lends itself perfectly to that kind of situation, because we're able to take those building, make them viable.

Because if you don't do that, I can guarantee you, they are going to sit there, and simply rot, and we will have falling-down infrastructure, and that kind of thing.

And our case of the Springville -- the village of Springville, which is in the town of Concord, has a very -- a beautiful historic district. It's starting to take off.

And adaptive reuse can be a very valuable tool, and has been a very valuable tool.

I sometimes go through the village and think what would it have been like if we weren't able to do these projects. We would have had these huge buildings just sitting there, rotting, and nobody would have taken them under their wing.

And, in a few years, all of them will be paying full taxes, at a much higher rate than they were previously.

SENATOR GRISANTI: Right. Understood.

I appreciate it, Supervisor.

Thank you very much.

SENATOR GALLIVAN: Thank you.

SENATOR GALLIVAN: Town of Brant Supervisor, Leonard Pero.

If I may, Supervisor, we will continue for approximately a half hour, but, I would ask, that as people are coming up, if they could try to move a little quicker through their comments. And if they have something in writing they were going to present, try to summarize it, and then, we, of course, can read it, and make it part of everything.

And I would -- will say, it was important -- we did go over on most of the speakers. I think it was important to hear what they said. And it was really, I think the mistake was more on our end, not

allowing enough time, you know, as we had given everybody their invitations.

But, anyway, with that --

LEONARD PERO: Senator Gallivan, Senator Grisanti, you just took three minutes of my time.

[Laughter.]

SENATOR GRISANTI: He didn't start the clock yet.

SENATOR GALLIVAN: Okay, you have two minutes left.

GARY EPPOLITO: Well, of course, my name is Leonard Pero. My titles are varied, as president of the Association of Erie County Governments, executive director of the Supervisors' Summit Group, and, just to name a few.

But, today I'm speaking on behalf of the town of Brant, as their Supervisor.

And, we are a small rural community of approximately 2,000 residents, and we do not have a local IDA.

We come together today because of a system of five local IDAs, and, the Erie County IDA which has been doing business, so to speak, for over 40 years.

And we now find that we should make major changes to a system, what I believe is politically motivated.

And why is that? State legislation is being proposed for Erie County alone.

That is a big question, that I understand that other counties aren't looking at this for a state law being put in for Erie County.

SENATOR GALLIVAN: Yes, if I may clarify that.

LEONARD PERO: Sure.

SENATOR GALLIVAN: That's correct, to my knowledge, but, I think it was prompted by, it's become more of a local concern. And we're not seeing some of the same concerns expressed across the state.

LEONARD PERO: Okay.

Putting that aside, I think that all rules should be the same between all IDAs, and we need to work together for the betterment of all of Erie County.

We are a diversified county, and I like the idea of IDAs working with issues within themselves, within their diversification, being that, the north, near the city, has certain issues.

Down south, we have other issues.

And I think we need to work together with that.

There is a misconception that the local IDAs use non-IDA towns' tax dollars, while the Erie County IDA helps all of the communities in Erie County.

The fact is, that a project in a neighboring community with an IDA, such as Hamburg or Concord, also helps our community, because it may create jobs for us. And sales tax derived from the sales of a retail adaptive-reuse project benefits all of the communities in Erie County.

In fact, one of the businesses that I know of that moved to Hamburg, was located in Evans and Brant, and, K&H, and they made a move away from the whole area, but ended up going to Hamburg. And the people that were working there, that still worked for Brant, are still working.

The question is, that local IDAs use part of our taxes to develop their community without any benefit for our little community.

The fact is, when ECIDA helps a business, let's say in Tonawanda or Cheektowaga, they also use part of our taxes with so-called "benefit from our

community."

Again, all rules should be the same between all IDAs. Adaptive reuse should be an important aspect of all IDAs, taking a deteriorated blight-filled building, and use an adaptive-reuse project to create a stable economic business, or businesses, which will bring about positive economic and community development. That would help all of the Erie County, by creating jobs, adding to a positive tax flow, for all communities.

So my question is: Does it matter where, and how, we clean up and enrich in all of our Erie County?

Let's not be political.

I think there are more pressing issues in Erie County than worrying about eliminating five local IDAs --

Which I understand now is a little bit different, but I wrote that down here, so...

-- do -- going business of Erie County.

Furthermore, this issue has pitted communities against each other.

And as the president of the association in Erie County, I don't appreciate that; that, this issue could be taken care of just by changing rules

and working together.

I'm in support of making it easier for businesses to locate here through whatever means, such as an option of using a local IDA, and the County, for a tool for our community.

And always remember, local government is the closest to the people.

I think one of the things that has been said here, is that -- about big businesses, and creating jobs, and things, for larger businesses, where, I think blue-collar is very important here too.

And when we talk about the doughnut shops, and the, you know -- the -- anything that can create a business, I think, and create jobs, is very important.

I think it would be happy to create jobs for low-, as well as the high-income residents. And remember that we are a blue-collar community.

And, to be specific about high-paying jobs, and not worrying about jobs, just jobs, especially today in this climate.

So, I ask Mr. Ryan, if you go to Tim Horton's with me and have a coffee and a doughnut, then we can talk about this.

So...

SENATOR GALLIVAN: Thank you.

Just one question, and you may or may not be able to answer. I know you testified as Town Supervisor.

GARY EPPOLITO: Yes, as Town Supervisor.

SENATOR GALLIVAN: In your capacity as president of the Erie County Association of Governments, are you able to say whether or not the association has a position on this?

GARY EPPOLITO: Well --

SENATOR GALLIVAN: If they have one.

GARY EPPOLITO: -- it's a very hard thing to make it -- take a position, when you have communities that, some are basically stating that they would like to see change, and others that are in our -- you know, when you talk five IDAs, you're talking about eight or nine communities, but they have villages.

And, so, I think that -- you know, things have been working. And I just feel that this is a little bit blown out a little too much proportion from what I believe it could be worked out.

If it means that there's got to be a little -- a few rules changed, so be it, you know.

But, to totally restructure something, that

would eliminate or tie the hands of the local IDAs, I think is wrong.

I -- that's my opinion.

If I had to poll, I had a meeting -- a couple meetings at the association, that I had to just sort of stop it, because I surely didn't want the association to end up splitting up due to arguing on either side.

I just feel that, you know, I leave it in your hands at that, I guess.

SENATOR GALLIVAN: So this is a topic I should avoid at your dinner tomorrow night.

GARY EPPOLITO: Well, yeah.

[Laughter.]

SENATOR GALLIVAN: Senator, any questions?

SENATOR GRISANTI: So it sounds like, that with Hamburg or Concord, because of the local IDAs, and those towns and those regions outside of the ECIDA, that it benefits Brant and those areas. And it sounds like, then, you would be in favor, then, of the Gabryszak legislation that talks about including in the plans of those towns that have IDAs, because you cannot expand any further, having --

LEONARD PERO: Yes.

SENATOR GRISANTI: -- being involved in that process?

GARY EPPOLITO: Right. Definitely.

You know, it's non-partisan, with Assemblyman Gabryszak stating that. And, you know, there's Republican and Democrat on both sides that are looking at doing such a thing.

And I think that's good. You know, keeping politics out of it, basically, is what I'm trying to say.

SENATOR GRISANTI: Okay, I appreciate it.

Thanks a lot for your testimony.

SENATOR GALLIVAN: Thank you, Supervisor.

LEONARD PERO: Thank you.

Micaela Shapiro-Shellaby, with the Coalition for Economic Justice.

Did I pronounce your name right?

MICAELA SHAPIRO-SHELLABY: You did a great job. Thank you so much. That was wonderful.

SENATOR GALLIVAN: Thanks for being here.

SENATOR GRISANTI: I was going to say, that's not Allison.

MICAELA SHAPIRO-SHELLABY: It's not Allison today.

So, I wanted to thank you both for being

here, and providing an audience today.

And thanks to everybody else for being here today. It's great to be in the company with people that understand IDAs.

So, are we in the evening yet?

No.

So, good afternoon. My name is Micaela Shapiro-Shellaby, and I'm an organizer with the Coalition for Economic Justice.

Just as a background: CEJ is a non-profit based in the city of Buffalo that unites labor, community-based organizations, and academic allies to win much-needed policy changes related to economic development, corporate accountability, and workers' rights at the local and state level.

And for the last several years, CEJ has co-anchored the statewide Getting Our Money's Worth Coalition, a broad-based coalition, that advocates for comprehensive reform of economic development in New York State, including a specific focus on IDAs.

Let me say up front, we have a jobs crisis; and in particular, a good jobs crisis in Western New York.

And what do I mean by "good job"?

I mean a job that pays families sustaining wages and provides a base line of benefits.

Said in another way: A job should keep a worker out of poverty, not in it.

And I mean, a job that does not have a negative environmental impact on our broader community, or a negative impact on the health of the person working that job.

Our organization wants a New York where people live in vibrant communities and have good jobs that sustain their families.

New York government has a responsibility to build a better future for all New Yorkers, by making smart investments that revitalize the economy, and meet the needs of communities as a whole.

This is especially important as Western New York continues to struggle with unemployment, underemployment, and poverty all throughout the state's 10 regions.

Our state's main tools for job creation and economic development, corporate subsidies are not, however, creating more shared prosperity and equity.

New Yorkers get very little in return for the $3 billion in public subsidies given out to

corporations in exchange for job creation every year.

Now we have regional economic development councils that are thinking at least a little differently about how we approach economic development, yet the state's larger economic-development efforts continue to suffer from systemic challenges.

Case in point: We have 115 IDAs, each conducting business in their own way across New York State, and 6 located right here in Erie County.

IDA officials grant tax breaks to businesses, most often in return for creating or retaining jobs.

In contrast to the more recent Excelsior Jobs Program, which doesn't grant tax benefits until firms have reached job-creation goals, IDAs have few mechanisms in place to hold corporations accountable to their initial promises.

A recent analysis, based on 2009 IDA data released by the New York State Comptroller, concluded that more than one-half of all IDA-subsidized projects that ended in 2009 failed to

create a single job.

And, I am going to repeat that, because that's pretty interesting.

So, an analysis 2009 IDA data released by the New York State Comptroller, found that, when 2009 ended, not a single -- that there -- sorry -- one-half of all IDA-subsidized projects that ended in 2009 failed to create a single job.

Although not part of the budget process, 115 IDAs around the state were responsible for nearly half a billion dollars in foregone tax revenues in 2009 alone.

It would be one thing if these subsidies were performing by creating new wealth and economic activity, if they were building a better future for all Western New Yorkers, but most IDAs are not growing our economic pie. They are simply re-slicing it, granting tax breaks that simply aid one local competitor over another.

For example: The Amherst IDA break to a Lexus dealership so it could move its showroom from one side of the street to the other;

Clarence's consideration of a BMW dealership expansion;

And the Erie County IDA supporting multiple

retail dollar stores;

And, along with the Amherst and Niagara County IDAs, an overwhelming multitude of medical offices and hotels.

With the money that IDAs give away in New York State, in 2009, we could have educated 7,800 children for one year; or, retrofitted 11,000 small businesses for energy efficiencies, saving New York businesses millions of dollars in energy costs, and creating over 2,200 jobs in the hard-hit construction industry.

So, I am -- in the interest of time, I am going to submit my comments, and just go over, very quickly, some of the things that our statewide coalition have advocated for.

"Prioritize performance."

Before decisions are made, New York State must ask the right questions from companies, ask the right people whether a company is worth our public investment, and make sure we are protecting good local jobs. This will ensure that public money is going to businesses that have a positive impact in our communities.

"Show us the jobs."

We need to make sure we are getting the right

answers after decisions are made. We need an online report card, and to shine sunlight on all spending, and, we need money-back guarantees.

There should be real consequences for businesses that break the public trust.

All subsidy deals must have provisions to recapture public money when companies fail to live up to their job-creation agreements, and subsidy programs must be closely monitored to prevent behavior that negatively impacts our regions.

Implementing these accountability and transparency fixes will go a long way to ensuring that companies that give New Yorkers a return on their investment, in the form of good jobs to local residents and healthy thriving communities.

Better following how New York's economic-development programs spend taxpayer money will ensure that the state and local governments have enough information and collective resources to pay for education, health care, and other important services that we all depend on.

CEJ and its statewide allies look forward to further discussion on these critical issues.

So, I would like thank you for your time, and, that's it.

SENATOR GALLIVAN: Great. Thank you.

And I appreciate that you'll submit that.

MICAELA SHAPIRO-SHELLABY: Sure.

SENATOR GALLIVAN: Your -- you really answered, with those last couple points, with some of your recommendations.

MICAELA SHAPIRO-SHELLABY: Uh-huh.

SENATOR GALLIVAN: So, I'll skip that question.

Just one, your thought: A prevailing theme with many of the speakers today, once we got outside of the geography of it, was the vacant buildings, the redevelopment-adaptive reuse, however you want to call it, what are your thoughts?

MICAELA SHAPIRO-SHELLABY: In terms of the adaptive reuse?

SENATOR GALLIVAN: Well, the general premise, and those are the words that have been used.

But, that premise, as it relates to IDAs, should it be a part of it?

Or, do you have other suggestions how we look to redevelop the property?

We heard Assemblyman Gabryszak talk about, I mean, his belief, if I've got it correctly, really shouldn't even be part of the IDAs, but, the

suggestion to deal with it was, the non-historic tax credits for redevelopment.

I'm just curious about your thoughts.

We have, whether it's city neighborhoods, whether it's small-town America, we look at these empty storefronts and these empty plazas.

Recommendations, how to deal with that, to foster economic development, if any.

MICAELA SHAPIRO-SHELLABY: Yeah, and I don't know that we currently have a good position on that right now, or a solid position on that.

SENATOR GALLIVAN: That's okay, it's not exact. I mean, we're focused today on the IDAs. But I was, just, as you were talking about many things --

MICAELA SHAPIRO-SHELLABY: Yeah, right --

SENATOR GALLIVAN: -- it struck me to ask you about that.

MICAELA SHAPIRO-SHELLABY: -- and I think that, just concrete operating principles for adaptive reuse are critical, right, and then they're shared through all the IDAs.

And I think that's the most important piece.

So, if we are going to do adaptive reuse, we're all doing it the same way, and that there are

these real strong operating principles that we can all be held accountable to.

SENATOR GALLIVAN: And transparent.

MICAELA SHAPIRO-SHELLABY: And transparent, exactly.

SENATOR GALLIVAN: Thanks.

MICAELA SHAPIRO-SHELLABY: Thank you.

SENATOR GALLIVAN: Senator?

SENATOR GRISANTI: Yeah, just briefly, you know, I agree with a lot that you're talking about, in the sense that prioritize and performance, and making sure that we're, literally, getting a good bang for our buck here, as far as what's being produced.

And I know, prior, prior to me actually being involved in the Senate, there would be large tax breaks for businesses without producing a single job.

MICAELA SHAPIRO-SHELLABY: Uh-huh.

SENATOR GRISANTI: And that the regional economic development councils that the Governor set up across the state, I think are good step in making sure that -- that by having the regional panels, that they focus on keeping an eye on whether or not these programs that are getting the

benefit of the funds are creating jobs.

And I appreciate what you're talking about, as far as, you know, focusing on keeping an eye on taxpayers' money, showing the jobs, money-back guarantees.

You know, there's been a lot of things, especially in the state, where, you know, we've given tax breaks to companies who are expanding in the state, but yet they're going outside the state, and getting the workers to come in the state to do the work, and then they're going back.

MICAELA SHAPIRO-SHELLABY: Uh-huh.

SENATOR GRISANTI: So, I appreciate the insight that the coalition has with regards to that, and I think it's important to consider that in the context.

MICAELA SHAPIRO-SHELLABY: Okay.

SENATOR GRISANTI: So, thank you.

MICAELA SHAPIRO-SHELLABY: Yeah, thank you.

SENATOR GALLIVAN: Thank you.

Sam Magavern, Partnership for the Public Good.

SAMUEL D. MAGAVERN: Thank you, Senator Gallivan and Senator Grisanti.

I'm Sam Magavern, and I co-direct the

Partnership for the Public Good, which unites 119, now, community organizations in the Buffalo area.

And our partners, each year, form a community agenda, where they vote on their top priorities for the coming year, and it's a very competitive process. And, so, you have to have a really good policy proposal to make it to the top 10.

But one of the ones for 2012 had to do with IDAs and economic development. And the plank is, to regionalize the economic development and reduce the number of public authorities.

New York State should ensure that economic-development programs, such as IDAs, provide a substantial return on investment in the form of quality jobs and improved quality of life, and act in concert with newly created regional economic-development strategic plans.

To ensure maximum return on investment, the 115 industrial development agencies operating in the state should be consolidated to no more than one authority per county.

So, this is an important issue for our partner agencies, and we thank you for taking a serious look at it.

It's something that we've researched extensively. And we, last year, reduced -- released a report called "Generating Waste: Problems with NYPA and IDAs, and how to solve them," where we looked at all of the IDA deals in the region for the year 2010.

And, the more we looked at IDAs, the more we see that the state legislation around IDAs really needs serious reform. Well beyond the issue of town IDAs and a county IDA, there are really serious problems with this legislation.

And I've always thought it's the kind of issue, where, if the average person on the street really understood how these programs work, they would be outraged. And, really, regardless of their political orientation, whether you're conservative or liberal, Republican or Democrat, no one likes government waste.

And the legislation that we have now really ensures a lot of government waste. And, I'm not talking about the performance of our individual IDAs or individual projects, so much as I'm saying it's the state legislation that needs to be changed.

It's not that our IDAs are doing a bad job.

In some cases, it's the -- they're doing all too good a job under the system that we've created for them. So it's really the state legislation that needs to be changed.

And I just want to make a few points about that.

Why am I saying it's so wasteful?

Well, no economist in the country thinks that you should do tax policy individual business by individual business.

And that's exactly what we do under the IDA statute. We pick and choose businesses, and we say: You should have lower taxes. And, you know, we make very individualized decisions. Your taxes should be exactly this much lower.

But no economist thinks that that's a good idea.

Tax policy you want to be as broad-brush as you can possibly make it, so that the playing field is level, expectations are certain, and people are treated fairly.

It's just never a good idea to say, you -- you know, it's almost as bad as going person by person, and saying: You, Senator Gallivan, well, let's negotiate your tax bill for the coming year.

You've been doing a great job, and we want you to stay in this region, so, we're going to give you a little tax break.

That's kind of what we're doing with our businesses, and it's just a very inefficient way to do things.

In particular, for an IDA tax exception to really grow the local economy, two things would need to be true.

First of all, it would need to go to a project that would not have happened except for the tax exemptions. Otherwise, it's just gravy.

Former County Executive Chris Collins objected to Fantasy Island getting a tax exemption for an amusement-park ride.

He said: This is a freebie. Who doesn't want a freebie?

But, they would have done it anyway.

And that's the problem with a large number of the deals that we're doing.

The other thing that would have to be true for it to really grow our economic pie, is it would have to be a project that was going to export goods and services out of the region, or, it would have to go to a local business that's competing with

out-of-state competitors. Otherwise, all we're doing is, we're favoring one local business at the expense of another.

And that's the big objection to the retail projects. The hotels, the doctors' offices, the car dealerships, they're competing for a finite pool of local customers.

So, when you read a press release or a statistic that says jobs were created, at that car dealership, or that rheumatologist's office, no net jobs were added to our local economy.

Sure, some jobs were created at that individual project, but every single one of those jobs was at the expense of one of that business's competitors, the other rheumatologist, the other car dealership, because it's a finite pool of customers that they're competing with.

So, that's the big problem with our IDA statute: it's incredibly loose.

Senator Grisanti, you mentioned the idea of job guarantees.

The IDA statute does not require a single job to be created in exchange for assistance. That's not part of the state law the way we currently have it, much less the idea of clawing back benefits

when jobs' promises aren't met. We don't even require it at all to start with.

So, it's a very, very loose statute, and that gives rise to these inefficiencies that I'm talking about.

And it means, that when you look at these statistics about jobs created, or about income that, you know, we wouldn't have seen otherwise, you have to really take that with a grain of salt, because there's no proof that that project wasn't going to happen anyway, or, that it's really growing the economic pie and adding to the tax base.

The other big problem I want to call to your attention, and several speakers have mentioned it, is that our current statute creates this basic disconnect between taxation and representation. No more basic principle in our democracy than the taxation and representation have to go together. But, the way we have it now, IDAs get to play with other people's money.

And, so, one of the examples given today was the Dash's supermarket in Clarence, and I'll use that exact same example.

I have no doubt that that was a good project for the people of Clarence, but we all paid for it,

and it didn't do anything for the rest of the county. It's a finite pool of customers for supermarkets, so we're not adding any jobs by subsidizing a Dash's in Clarence. We're just meaning -- we're just selecting Clarence as the location for it instead of another part of the county, that we're going to have the same number of supermarkets either way.

So -- and by the way, the Clarence IDA took out a full-page advertisement in the "Buffalo News" trumpeting their success with that Dash's supermarket.

Well, who paid for that ad? We all did.

Every taxpayer in New York State helped to pay for a full-page ad, celebrating the fact that they got a Dash's in Clarence.

I would analogize it to:

If my brother-in-law told me really needed a new flat-screen TV in his house, I would say, Great, go ahead and get it.

But if he told me, By the way, Sam, you're paying for half of it, I would say, Hmm, no thank you. That's not one of my priorities.

The other problem I want to call to your attention is the way that IDAs are funded. And

one or two of speakers have mentioned this already, but, there is an inherent conflict of interest in having the IDAs funded by a percentage of the deals that they make. It automatically gives them the incentive to do as many deals as possible, and grant as big tax exemptions as possible.

That's what determines their success as an IDA, that's how they pay their staff and all their other expenses.

So, there's no one in the loop who's guarding the taxpayers' money. Everyone in the system has the incentive to do as many deals as possible, and that's why you've seen an explosive growth in the number of IDA projects in New York State over the last couple of decades.

We all pay for these tax exemptions. When we pay for projects that don't grow our economic pie, we all have to pay increased taxes or fees, or we all get reduced services, or both things happen.

When the IDAs grant exemptions from the mortgage-recording tax, it reduces revenue to the NFTA, and we all pay for it through fare increases or rent reductions.

When the IDA has reduced revenue to school districts, the districts need to lay off teachers or raise taxes.

When they reduce revenue to the counties, there's less money to repair roads, hire law-enforcement officers, and keep libraries open.

You know, the Concord IDA was mentioned today doing two projects in a year.

Well, there's a lot of overhead that goes with even an IDA that's just doing two projects a year. There's a lot of time to running all these separate IDAs. There are a lot of reporting requirements, there are separate reports that have to be done to the State, their websites.

It's a lot of resources going into a very inefficient system.

So in sum: We urge you to reform state legislation and limit IDA projects to businesses that are exporting goods and services, or competing against out-of-state businesses; and, thus, ban IDA aid to retail projects, hotels, restaurants, medical facilities, spec office parks, and similar projects;

And, to limit IDAs to one per county, or, to follow the approach that's embraced by the

Ryan bill of preventing town-based IDAs from granting exemptions from taxes that are owed to any government beyond that town.

I'm happy to take any questions.

SENATOR GALLIVAN: Just a few, thank you.

But for the very end, you know, what you're urging us to do in your final recommendations, you talked about a number of different things: the concept, taxation without representation, the harmful effects, how they are funded.

You did use examples, you pointed to Clarence, you pointed to another local example down in Concord.

Is your testimony regarding IDAs, essentially, the same for all of them?

So, when you say, IDAs are wasteful, when taxation without representation, are we to take it that you're saying the same thing about the ECIDA as the local IDAs, to distinguish?

SAMUEL D. MAGAVERN: Well, a lot of my remarks --

SENATOR GALLIVAN: Are these -- excuse me.

Are these like broad concerns that you're articulating, or is it one versus the other?

SAMUEL D. MAGAVERN: Yeah, it's a little bit

of both, Senator Gallivan, in the sense that, most of the problems I'm identifying are really with the state legislation that applies to all IDAs.

Now, some of them are using the room that that gives them a lot more aggressively than others; and, so, we would critique some of their performance more than others.

SENATOR GALLIVAN: So how they are paid for is the same?

SAMUEL D. MAGAVERN: But how they're paid for is the same, and the rules that govern them are the same.

You know, Mr. Allen mentioned there used to be a ban on retail projects, and that ban was lifted. So, you know, that's true for all of them. You know, some of them have used that more aggressively than others, and -- but it's a state-law problem. You're not going to solve it piece by piece.

But the other point is, that we really do believe in regional economic development, and not having towns competing against each other with separate IDAs with their own infrastructure and their own bureaucracy, and without accountability to all the taxpayers that they are granting

exemptions.

SENATOR GALLIVAN: Understood.

Now let me ask, so, following the taxation without representation, that concept, let's take it to another concept of our government: one man, one vote.

So, in neighboring Wyoming County, 40,000 residents, 1 IDA.

Genesee County, 60,000 residents, 1 IDA.

Erie County, 900-plus thousand -- 900,000-plus residents, 6 IDAs.

If they had one, they'd be representing, what are we, nine hundred fifty, nine hundred twenty thousand, people right now.

Can they do all of those citizens and communities justice?

SAMUEL D. MAGAVERN: I think they can.

I think that the trade-off is much greater efficiency from only one IDA.

I mean, ideally, to be honest, we would have one IDA for the entire Western New York region, matched to the region that the regional economic development council is serving, because we're one economic region. We're not multiple economic regions.

So, if we're trying to help the economy, we should be looking at it regionally.

So, I understand what you're saying, but I think that it's more important to get that efficiency, and to have all the horses pulling in the same direction.

SENATOR GALLIVAN: All right, thank you.

Senator?

SENATOR GRISANTI: What about -- yes, and thanks for coming today, Mr. Magavern.

What about the towns that are not a part of the IDAs that want to be included, let's say, under Senator -- or, Assemblyman Gabryszak's legislation where, you know, to include them, like, little pocket regional things, those that are not included now?

SAMUEL D. MAGAVERN: We would not be in favor of that because we really believe in this more regional approach.

So, adding on to the existing five IDAs, sort of giving them a bigger brief, you know, it's still six IDAs for one county, nine IDAs for two counties.

We still think that it's very efficient -- inefficient, and not the way too do regional

economic development.

SENATOR GRISANTI: Okay.

All right, I appreciate it. Thank you very much.

SENATOR GALLIVAN: Thank you.

SAMUEL D. MAGAVERN: Thank you.

SENATOR GALLIVAN: Greg Sehr, Upstate Consultants.

GREGORY SEHR: Good afternoon.

SENATOR GRISANTI: Good afternoon.

SENATOR GALLIVAN: Good afternoon. Thanks for being here, Mr. Sehr.

GREGORY SEHR: Thank you for the opportunity to present, Senator Gallivan and Senator Grisanti.

My name is Greg Sehr, and I am -- I run a consulting firm, Upstate Consultants.

I provide advice to companies seeking government incentives and financial assistance, and I have worked with industrial development agencies in 10 counties in this state.

I would like to share four projects with you that have utilized the services of IDAs, and identify some of the benefits that were garnered by those companies.

Project Number 1, was an international

company that had no presence in Western New York. Had industrial facilities in Brazil, Argentina. Came to a mothballed factory which they purchased out of bankruptcy.

The company invested $168 million, and provided 150 new jobs.

Project Number 2, a New York City developer came to Western New York to build a mixed-use building from an abandoned warehouse vacant for 30 years.

The company invested $26 million, and created 90 new jobs.

Project Number 3, a major health-care provider invested $24 million, created 100 new jobs, in a building which was totally vacant for 8 years.

And, Project Number 4, which is -- I'm currently working on, which is an advanced manufacturing company, who is renovating an abandoned building, investing $12 million, and bringing in 200 new jobs to the community.

These projects have three things in common.

Number one: They all use the services of IDAs;

Number two: They all use re-purposed old

unused buildings, which has been identified previously as "adaptive reuse";

And most importantly, these community -- these companies resurrected neighborhoods and communities in Western New York.

540 jobs were created: steelworkers, health-care professionals, electrical engineers, and small-business owners.

The correlation between these projects coming here and the role of IDAs is profound and significant.

Criticism of town-sponsored IDAs, I believe, is misguided. Towns and other municipalities have limited resources to assist and attract businesses.

Towns are struggling to maintain basic services, as you know. They need more tools for economic development, not fewer tools.

Critics claimed that local IDAs should not be abating county taxes, as we've heard, because taxes are being lost.

In truth, most commercial projects would not take place without numerous incentives, including those of IDAs.

If a building has been vacant for up to

30 years, there seems to be a pretty good message, and a pretty clear message, that developers have not been lining up to redevelop that site.

IDAs have been instrumental in the adaptive reuse of many buildings in our region.

And blaming towns is like blaming the poor for not producing enough taxable income. The towns are doing their best to survive, and to use the resources available to them, the tools in their toolbox, to bring companies here or to allow them to expand.

Further, companies make critical choices about expansion or relocation, and I think government at all levels has to respect those choices, and understand the financial risks that companies take to come to our region.

IDAs are strong on assistance, yet weak on ceremony. Both process and product are given equal importance in deciding the value of a project.

And I would like to say, also, that I have found, in my experience, in 10 counties, and probably 5 towns, that IDAs are responsive problem-solvers. They just don't recite the programs that are available in the state or the county or the region for them. They help to create

solutions.

Companies appreciate that. Companies make decisions based upon that.

IDAs provide an opportunity for companies to become revitalized and sustainable.

Thank you very much.

SENATOR GRISANTI: I have no questions.

SENATOR GALLIVAN: Thank you.

SENATOR GRISANTI: Thank you.

SENATOR GALLIVAN: Bob Mahoney, SEIU.

How about, Donald Hoggle [ph.]?

And we do have one more person who signed up after Mr. Hoggle, and then we'll conclude.

DONALD HOGGLE: Thank you, Senator Gallivan, and Grisanti.

It's running a little bit late, but I'm glad that you're willing to extend the time.

I do not represent any organization. I have been following this issue for probably 20 years, since former Assemblyman Fran Pordum ran hearings around the state.

I attend most of the Niagara County IDA board meetings.

One of the issues that's been discussed very heavily today is a matter of retail businesses.

The State Constitution, in Article VII, Article -- Section 8.3-II, addresses prohibition against public support of hotels and retail businesses, where the customers actually have to present themselves at that business.

Are you aware of that provision in the State Constitution?

SENATOR GRISANTI: Yes.

SENATOR GALLIVAN: Yes.

DONALD HOGGLE: Well, we seem to never hear about it, let's put that it way.

Also of the IDA law itself, Section 884, actually prohibits public bidding of IDA projects.

Do you recall that one?

I don't know why we would have a prohibition --

SENATOR GALLIVAN: No, I don't have the entire law committed to memory.

DONALD HOGGLE: Okay. Well --

SENATOR GALLIVAN: But please, you know --

DONALD HOGGLE: I've been around the issue for a while, okay.

SENATOR GALLIVAN: I appreciate that.

DONALD HOGGLE: But, that we have an actual

prohibition of public bidding seems a bit odd.

The other item that was addressed today was the matter of Uniform Tax Exemption policies.

Well, within the tax-exemption policies, there is a provision for deviations.

So, in my mind, I have said: Well, why don't we just call this "devious tax-exemption policy," and be correct about it?

And I would give you one example, in Niagara County, where the IDA wound up doing the project correctly.

The AES power plant, at the very northeast corner of Niagara County, was quite a controversial project. And what they wound up doing, to resolve the pilot, they got together with the elected town board, the elected school board, the elected County Legislature, and resolved the pilot through the elected bodies.

To me, IDAs do not fall under the description of a republican form of government. They are not representative government in any way, shape, or manner.

So, however you restructure the laws, I suggest that you bring them under representative government.

Thank you.

SENATOR GALLIVAN: Do you have any questions?

SENATOR GRISANTI: I don't have any questions, other than, I know what you're referring to in Article VII, and I'm sure you're aware that there have been lawsuits brought up in the appellate division, and the court of appeals are actually looking at some of those factors. But so far they have upheld, some of the uses of those are within the realm of the constitution.

But, I am aware of it, not only being an attorney, but also aware that some of those suits are actually at the -- I think heading towards the court of appeals. I haven't heard anything recently on them.

But I appreciate, and understand, Don, everything you've said here today.

DONALD HOGGLE: All right.

Well, to continue on that, presumably, you recall Jim Ostrowski [ph.] suit that wound up in the court of appeals, contesting the fact that public monies are used for private purposes.

And the court of appeal threw -- declined -- well, they decided against the State Constitution, let's put it that way.

SENATOR GRISANTI: Okay. I'm familiar with Jim Ostrowski. I know him well.

DONALD HOGGLE: I'm sure you do.

SENATOR GRISANTI: Okay.

DONALD HOGGLE: Thank you.

SENATOR GRISANTI: Thank you very much.

SENATOR GALLIVAN: Thank you.

Marge Price, from the Clean Air Coalition.

MARGE PRICE: There's several of us.

SENATOR GALLIVAN: Yeah, I see that. I'll let you tell us.

MARGE PRICE: Okay. Well, I'm actually a concerned citizen. I don't really know a whole lot about IDAs. This is only the second public meeting that I have attended, but I was at the August meeting.

We're -- the incentives for Niagara Lubricant were still on the board. My understanding is, that they are being granted the incentives.

I want to give you a little background on myself so you'll understand where my concerns are coming from.

SENATOR GRISANTI: Sure.

MARGE PRICE: And I have some very, very deep

and disturbing concerns regarding what seems to be about to happen.

SENATOR GALLIVAN: If I may, you do you understand that we're not a decision-making authority for any of the IDAs and for any particular projects.

MARGE PRICE: No, I understand that, but I just want to make you guys aware that there are concerns out there. And maybe, in some way, shape, or form, you can help myself and the people in my community understand what the hell is going on, because a lot of people in the Black Rock-Riverside area don't even speak English.

How can they possibly understand when I'm having a hard time, and I'm college-educated. I'm having a hard time, you know, putting all of these pieces together.

My passion is public safety.

Okay?

I'm the Good-Neighbor Planning Alliance, Public-Safety Committee chair in Black Rock-Riverside.

And to show you the extent of how much I'm concerned about my people, and I'm also a committee member on the Armed Forces' Week Committee, which

is Western New York, and it's area-wide.

And so, in a sense, I'm also kind of representing the veterans that live in the Black Rock-Riverside area. And there are all kinds of veterans in that area.

Okay, here's the thing:

I actually took the report from the ECIDA meeting in August, and I took a magnifying glass to some parts of it.

If I had to grant incentives, based on the Short Environmental Assessment Form, I wouldn't give this a first-grade passing grade.

SENATOR GRISANTI: Are you talking about a specific project?

MARGE PRICE: Yes. They want to rebuild Niagara Lubricant.

Niagara Lubricant hadn't even submitted their Tier 2 forms to the EPA when a 23-hour fire happened.

And I got to tell you, think about 9/11, and what happened in New York City, and the clouds, and all of that. The clouds of dust and debris.

This was Black Rock's 9/11.

There are still people in Black Rock, and in Riverside, if the wind had blown the other way, we

would have been evacuated instead of the people in Delaware Park.

I can recall when Riverside Park was evacuated because of an incident that happened at one of the Tonawanda industries.

We are surrounded, the Black Rock-Riverside by industry, by railroad, which includes intermodal tanks coming in with God knows what kind of chemicals from Canada.

And, so, I just want to make sure that my people are safe. It's still a controversial issue, the Niagara Lubricant deal.

SENATOR GRISANTI: So your concern is that group getting any sort of IDA, is that correct, development, because they haven't met the standards of what you're talking about, as through EPA --

MARGE PRICE: Well, they didn't meet the standards before.

SENATOR GRISANTI: Okay.

MARGE PRICE: Okay. My people are saying: If they if meet the standard before, how can we be sure that they're going to be in compliance?

I mean, I'm looking at what they did before. And to me, it looks like willing, willful negligence. I mean, if you really want to take a

microscope to that.

It's not that we're saying they shouldn't rebuild. But, as of their hearing in July of 2012, they had not even put together an evacuation plan, and they are saying it's because the building wasn't built.

They -- you know, common sense tells you, you need to know how to evacuate the neighborhood.

How can they help in that?

They're just so vague and so fuzzy on a bunch of the issues.

SENATOR GRISANTI: So, Miss Price, I guess, to summarize, you're saying that before any ECIDA grants are given out, make sure that these particular companies, whether it be Niagara Lubricant, or what have you, and the surrounding area or in the Western New York region, satisfy the safety concerns of Clean Air Coalition, and other concerns, concerning safety for the community and for the environment?

MARGE PRICE: And the community residents.

And, actually, when I leave here, I'm going straight to a Good-Neighbor Planning Alliance meeting, where I give a public-safety report every month. And, questions have come to me through

those meetings.

Mostly -- well, not mostly -- but a lot of times when we've company doing a rebuild or an expansion, or if we have a new company coming in, they come to the planning alliance, and we just barrage them with questions, because we want to know that our area is going to be safe. We want to know what they're going be doing, how it's going to affect the neighborhood, traffic-wise, pollution-wise, every-wise.

SENATOR GRISANTI: I think everybody would agree with you on that.

MARGE PRICE: How you can guys help us?

That's my question.

And if you ever want to come to a GNPA meeting, they're always the fourth Wednesday of the month.

And, Senator Grisanti, I know you have been to one already.

SENATOR GRISANTI: Uh-huh.

MARGE PRICE: How can you help us understand this, and sort this out, because, frankly, who else is doing it besides the Clean Air Coalition?

SENATOR GRISANTI: Right.

What we're here for today, is to make sure

that we take your concerns, and the concerns of all of the speakers before you, regarding this issue of IDAs, and compile them, and come up with a solution that's going to be really a benefit for all.

And I really appreciate the fact that you were here representing your group, because that's not something that anybody has else talked about. And that is an important factor in the puzzle.

MARGE PRICE: Right.

SENATOR GRISANTI: And I don't think that anybody in this room would disagree that safety is the number one concern, not only for the residents of an area where a business may be headed, or may be, but also for the workers that are in those businesses.

And I appreciate that you qualified, that we're not looking at shutting down Niagara Lubricant, because we know it's jobs for region, but let's make sure that these are safe.

MARGE PRICE: Exactly.

SENATOR GRISANTI: And that's a great focus to have, and I appreciate your testimony today.

MARGE PRICE: And I did not really read off of anything per se, but, I will write this up and

submit it.

SENATOR GRISANTI: Thank you.

SENATOR GALLIVAN: Thank you.

MARGE PRICE: Thank you for your time.

It's good to see you guys up there.

SENATOR GRISANTI: Thank you.

MARGE PRICE: Bye-bye.

SENATOR GRISANTI: Good to see you again.

SENATOR GALLIVAN: And last, but not least, Rich Taczkowski, former North Collins Town and Village Board Member.

Thank you for being here.

RICHARD L. TACZKOWSKI: Thank you, Senator Gallivan and Senator Grisanti.

I'm also an urban planner, public-policy analyst, living here in Buffalo.

But as you allude, I wasn't planning to speak but, just, I want to have a couple short comments relating to when I was on the Village Board in North Collins, in the early, mid-'90s. Later I was on the Town Board.

Neighbors of Supervisor Pero right here.

It's good to see all of these folks trek in from all of the far-flung areas of the County, to come into the County Seat and discuss these

matters with you gentlemen.

When I was on the Village Board, I remember a recipient of the ECIDA tax abatements coming in. I believe it was Schafstall Industries, and it was Charlie Schafstall came in.

And, it --

I guess you guys are listening, and wrapping up here at the same time; right?

But, I just wanted to establish --

SENATOR GRISANTI: No, no, I'm listening to you. I'm just tearing out so I have the last sheet of paper for you.

RICHARD L. TACZKOWSKI: Oh, good.

And he came in, asking for a break on water rates, and saying that, you know, he could do better with Erie County Water Authority, water, and so on.

And this was, as I say, in the early '90s, before all of this really got on the radar screen. I think back into the late '90s, maybe Assemblyman Fran Pordum at the time, rose the issue -- raised the issue.

So Charlie, you know, before, in preparation for the meeting, I asked the Village Clerk/Treasurer to come up with some figures. And I think he was

recipient of $36,000 of tax -- in taxes he didn't -- we would have had to pay if it was based on his assessed valuation.

And, so -- so then he came in, saying, you know, kind of a veiled threat, you know: We'll move to the water authority's region, because we can get better water, cheaper water.

Well, right now, as you know, Senator, you represent North Collins, north of villages is replacing its system, updating its system, and had some problems.

Well -- so, I asked the questions, you know: How many of your folks live in North Collins? How many own homes here?

Things like that.

And he didn't like any -- he didn't really like those questions. And, he left, and we never heard from him again about that.

So -- so, here, we had nothing -- no say at all in this decision to give him these tax breaks.

It affected our community. It -- really, we didn't see any analysis of the economic impact on our community, on our tax base. And then he had the gall to come and ask for cheaper water.

So, this goes to your question,

Senator Gallivan, I forgot of who, and it's touched on by Supervisor Pero, that when ECIDA makes decisions that impact these communities that have no representation on the board, or don't have their own IDA, are you going to consult with them?

And, so, it comes down to, I see this recurring theme.

You recall, couple of years ago, Maria White head the proposal for County Planning Board. I helped actually work on that legislation with George Grasser.

It didn't receive buy-in from the communities, that had the power of zoning, that had local home rule.

So, then, we see, recently, Mr. Pero's group rejected -- rejected the issue of having a countywide library board, okay, although there's mixed opinions on this issue.

So, now, what it seems to boil down to, gentlemen, is that the State has given these powers to localites to do certain things: to do the planning, to do zoning, to have libraries, to have IDAs.

And, we also know that doing things regionally has a lot to do to recommend it.

But when the government structures are put into place for these various regional entities, the little guys aren't invited to table; the ones who actually aren't so small, because they have home-rule authority.

And if you ask folks to give up local control, they need to have a seat at the table.

And maybe all of these other constituent groups, these -- all these interest groups that are there, unless they bring some kind of a, how should I say, a veto power, or a way to -- to -- unless they bring their own power base, to put it really bluntly, the villages and the towns should be represented on the IDA board.

SENATOR GRISANTI: Yeah, let me ask you this --

RICHARD L. TACZKOWSKI: Yes, sir.

SENATOR GRISANTI: So you would be in favor, then, of what Assemblyman Gabryszak was talking about, as those that do not have an IDA board become part of a region that does have an IDA board, and that there's members on that board, so to speak?

You'd be in favor of that, so this way, what you're saying is, is that, to make sure the town gets the benefits and breaks for the community

that are not represented?

RICHARD L. TACZKOWSKI: Well, I didn't actually hear all of his comments, but the -- you know, the gist of it, is that you're explaining, it sound as though it's okay to do things on a regional basis.

But, as long as people who have already had that authority to do it, must have buy-in. They must be brought on the -- you know, at the table. They must feel that their voices are being heard. That if somebody wants to do something in Brant or Sardinia or Newstead, that they're going to get a fair shake. That it's not going to be controlled by urban interests only.

And, then, if you can come up with a governance structure that balances those two needs, for -- for -- and just let me say -- let me just say this, Senator:

That these rejections of County Planning Board, rejections of live County Library Boards, these kinds of things, we've got to get past this.

We've got to find a way, when we used to have a board of supervisors, that brought in their individual communities' needs and aspirations, and they took them to County Hall. And out of that,

there was a lot of horsetrading, and it was inefficient, and all of that.

But out of that, people could go home and report to their community: Look, I got this road, or, we're going to do this, and so on.

Their voices were heard. Even after it was weighted vote; after it went to weighted vote, after Baker v Carr [ph.], they still had an equal voice at that -- downtown at the County Hall.

So until we return to that kind of collaborative way of listening and respecting local needs, these are communities with individual identities, and with their own histories, and their own traditions. And they have this power.

Well, to give away any of that power, they must receive something in return.

And that -- and that is the real dilemma I see for regionalism, because I'm a strong advocate of that.

And -- yes.

Any other questions?

SENATOR GRISANTI: No, that's all I have.

RICHARD L. TACZKOWSKI: Well, thank you so much for your time. Appreciate it.

SENATOR GALLIVAN: Thank you for hanging in

there.

We're good.

Thank you, everybody.

(Whereupon, at approximately 4:47 p.m., the public hearing held before the New York State Senate Standing Committee on Commerce, Economic Development, and Small Business, concluded, and adjourned.)

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